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# NAVAL POSTGRADUATE SCHOOL

MONTEREY, CALIFORNIA

## THESIS

**POST-CONFLICT REALITIES AND THE FUTURE OF  
STABILITY IN NEPAL**

by

Ashish Prasad Upadhyay

March 2017

Thesis Advisor:  
Second Reader:

Anshu Nagpal Chatterjee  
Carolyn Halladay

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**POST-CONFLICT REALITIES AND THE FUTURE OF STABILITY IN NEPAL**

Ashish Prasad Upadhyay  
Lieutenant Colonel, Nepalese Army  
B.A., Tribhuvan University, 2001

Submitted in partial fulfillment of the  
requirements for the degree of

**MASTER OF ARTS IN SECURITY STUDIES  
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from the

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March 2017**

Approved by: Anshu Nagpal Chatterjee  
Thesis Advisor

Carolyn Halladay  
Second Reader

Mohammad Hafez  
Chair, Department of National Security Affairs

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## **ABSTRACT**

The thesis argues that the Maoist-led government in post-insurgency Nepal has failed to deliver on the promises of reform that brought it to power. The long-enduring social and economic grievances based on the Nepali Hindu social structure persist. Starting in 1996, the Maoists successfully capitalized on such grievances, and with the promise of radical reforms, led a decade-long successful insurgency. A political negotiation incorporating major Maoist demands ended the insurgency in 2006. The electoral victory right after the end of the insurgency provided the Maoists with the mandate and opportunity to reform traditional socio-economic and political structure. Unfortunately, the post-2006 period is seeing an emergence of political instability akin to the post-1991 era. This thesis examines the state of reforms in post-insurgency Nepal to identify the gaps between the promises made and the reforms implemented that are causing ongoing grievances. The thesis also highlights the importance of the coalition culture in producing political stability to eliminate persistent grievances and implement reforms for the future stability of Nepal.



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## **LIST OF ACRONYMS AND ABBREVIATIONS**

|           |  |
|-----------|--|
| BBC       | British Broadcasting Corporation                   |
| CA        | Constituent Assembly                               |
| CIA       | Central Intelligence Agency                        |
| CPN       | Communist Party of Nepal                           |
| CPN (M)   | Communist Party of Nepal (Maoist)                  |
| CPN (UML) | Communist Party of Nepal (United Marxist Leninist) |
| DV        | Dependent Variables                                |
| FDI       | Foreign Direct Investment                          |
| GDP       | Gross Domestic Product                             |
| GSEA      | Gender and Social Exclusion Assessment             |
| INSEC     | Informal Sector Service Center                     |
| ILO       | International Labor Organization                   |
| IV        | Independent Variables                              |
| NC        | Nepali Congress                                    |
| NLSS      | Nepal Living Standard Survey                       |
| PPP       | Purchasing Power Parity                            |
| Sija      | Sisne to Jaljala                                   |
| UCPN (M)  | United Communist Party of Nepal (Maoist)           |
| UDMF      | United Democratic Madhesi Front                    |
| USD       | United States Dollar                               |



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## **I. POST-CONFLICT REALITIES AND THE FUTURE OF STABILITY IN NEPAL**

The first Constituent Assembly (CA) election held on April 10, 2008, represents a significant event in Nepalese political history. It marked the entry of the United Communist Party of Nepal (UCPN [M]) into the political mainstream—as the largest political party—after these same Maoists had led a decade-long insurgency. The Maoists gained popular backing during the insurgency based largely on their promised solutions to long-lasting socio-economic and political grievances. In the post-election period since 2008, Maoist ascendance to the government also was accompanied by promises of ending grievances and delivering socio-economic and political equality for all Nepalese citizens. The formation of Nepali Republic in 2008 not only ended 250 years of monarchical rule, but also steered the country toward a federal structure, strengthening almost a hundred years of weak democratization. With the abolition of the monarchy, the supposed major obstacle to socio-economic and political reforms was eliminated and democracy appeared much closer to consolidation.

The realities after the first CA election, however, reproduced the old game of political struggle at center stage. The first CA was not able to draft a constitution, necessitating a second CA election in 2013. Between 2008 and 2013, the government changed frequently; the Maoist party led the government twice during this period. Such promises as land reforms, rural development, and increasing employment remained mostly unfulfilled. The Maoist government's failure to deliver on its promises cost it the public's support, and currently the party ranks third largest in the parliament.

### **A. MAJOR RESEARCH QUESTION**

Nepal promulgated its new constitution on September 20, 2015, after six years of debate. Nevertheless, by August 5, 2016, the national government had changed nine times in the span of ten years. Currently, the UCPN (M) heads the government—for the third time since the first CA election of 2008. Through it all, clear signs show that the

grievances that led to the insurgency and loss of almost 14,000 lives still persist.<sup>1</sup> Therefore, an important question arises in this setting: Why do the grievances that led to the Maoist-led armed struggle persist, and how do these post-conflict realities impede the stability of Nepal?

The research analyzed the socio-economic and political history of Nepal to identify the causes that led to the Maoist insurgency. It then examined the post-conflict realities to identify the gaps between implementation and promises. Finally, this thesis presents an analysis of how these shortfalls affect the stability of Nepal.

## **B. SIGNIFICANCE OF THE RESEARCH QUESTION**

It is important to determine whether the persistent grievances are likely to be addressed gradually with the consolidation of democracy, or whether the likelihood of yet another revolution or ongoing instability exists. The effect of these frustrations has critical implications for the consolidation of democracy and the stability of Nepal. The present study is significant because it contributes to the understanding of what is happening in Nepal by presenting an analysis of the likely effects of peoples' frustration in the face of slow or absent reforms. Ideally, this study will help policy makers to comprehend the gravity of existing problems, the importance of having reforms to address the grievances, and the impact on consolidating the hard-earned achievements.

Internationally, the Nepalese case is significant because the Maoist movement emerged in the post-Cold War era. The Nepalese Maoists waged a communist insurgency at the time when communism was thought to have lost its appeal. Its rise to power is significant because it highlights the possibility of such movements in other less-developed and fragmented societies. Its failure is also significant because the gap between aspiration and achievements may further confuse the people and lead them to a vicious cycle of revolution and counterrevolution, which could have an impact at the international level. Given the geo-strategic location of Nepal, Nepalese instability can have spillover effects on the security of two Asian giants, India and China. The research

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<sup>1</sup> Bishwa Nath Tiwari, "An Assessment of the Causes of Conflict in Nepal," in *The Maoist Insurgency in Nepal*, ed. Mahendra Lawoti and Anup K. Pahari (New York: Routledge, 2010), 241.

is therefore significant for scholars and students interested in South Asian security and regional affairs.

Theoretically, this case is significant because it helps advance our understanding of democratic consolidation and, very uniquely, through the acts of a communist party that mobilized Nepalese not only against the monarch, but also against democratic parties. It represents a unique case of democratic consolidation.

### **C. LITERATURE REVIEW**

Abraham Lincoln described democracy as the “government of the people, by the people, for the people.”<sup>2</sup> This ideal system of rule reached its peak during what Samuel P. Huntington describes as the third wave of democracy.<sup>3</sup> Nepal has been engaged in the process of establishing a democracy since the second wave of democracy that followed the post-colonial period. Although there have been a number of struggles, the democratization and consolidation in the Nepalese case continues to be incomplete. A proper understanding of the Nepalese case, therefore, requires an analysis through the lenses of democratization and consolidation.

This literature review is divided in two parts. The first part examines the literature dealing with the concepts of democratization and consolidation. The second part surveys the relevant literature on Nepal, particularly about the causes of insurgency, political negotiation, and post-conflict situations.

#### **1. Democracy, Democratization, and Consolidation**

Scholars have defined democracy in various ways. Phillippe C. Schmitter and Terry Lynn Karl explain democracy as a “system of governance in which rulers are held accountable for their actions in the public realms by citizens, acting indirectly through the

---

<sup>2</sup> Infousa, “Defining Democracy,” American Institute of Taiwan, accessed September 2, 2016, <https://www.ait.org.tw/infousa/zhtw/docs/whatsdem/whatdm2.htm>.

<sup>3</sup> Samuel P. Huntington, *The Third Wave: Democratization in the Late Twentieth Century* (Norman, OK: University of Oklahoma Press, 1991).

competition and cooperation of their elected representatives.”<sup>4</sup> They continue that “democracy encompasses many institutions that are shaped by the particular countries’ socioeconomic conditions, as well as its entrenched state structures and policy practice.”<sup>5</sup> According to them, “the relationship between the rulers and the ruled must be smooth” in a democracy.<sup>6</sup> According to Huntington, democracy is a “form of government that has been defined in terms of sources of authority for the government, purposes served by the government, and procedures for constitution [al] government.”<sup>7</sup>

Both the arguments are in line with Robert A. Dahl’s argument that emphasizes the electoral, procedural definition of democracy. Dahl defines it as “polyarchy” because he regards democracy as an “unachievable ideal type, amounting to a procedural minima that includes elections, provisions to ensure major policy decisions vest in elected officials, and that all adults have the right to run for office.”<sup>8</sup> Dahl further highlights the “communicative and associational rights necessary for the electors to be informed and capable of organizing themselves for political participation.”<sup>9</sup>

Daron Acemoglu and James A. Robinson argue that “non-democracy is generally a regime for the elite and the privileged; comparatively, democracy ... [is] more beneficial to the majority of the populace, resulting in policies ... favorable to the majority.”<sup>10</sup> All of these explanations about democracy emphasize the legitimacy of the government and its accountability towards the people whom the government serves.

If democracy is a system of governance or government, then democratization is the process or journey to attain that system. Acemoglu and Robinson make a case for a dynamic relationship between inequality and democracy. According to them, “the rising

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<sup>4</sup> Philippe C. Schmitter and Terry Lynn Karl, “What Democracy Is...And Is Not,” in *Transition to Democracy: Comparative Perspectives from Southern Europe, Latin America and Eastern Europe*, ed. Geoffrey Pridham (Brookfield, VT: Dartmouth Publishing Company, 1995), 76.

<sup>5</sup> Ibid.

<sup>6</sup> Ibid.

<sup>7</sup> Huntington, *The Third Wave: Democratization in the Late Twentieth Century*, 6.

<sup>8</sup> Robert A. Dahl, *Dilemmas of Pluralist Democracy* (New Haven: Yale University Press, 1982).

<sup>9</sup> Ibid.

<sup>10</sup> Daron Acemoglu and James A. Robinson, *Economic Origins of Dictatorship and Democracy* (New York: Cambridge University Press, 2006), 18.

inequality could result in a revolution, which initially forced the elites to democratize.”<sup>11</sup> Yet, once created, the redistributive nature of democracy could interact with the process of capital accumulation to lead to a subsequent fall in inequality.<sup>12</sup> Joseph T. Siegle et al. adopt an economic approach and argue that “economic growth creates the pre-condition for democracy.”<sup>13</sup> They further explain that economic growth plays a significant part in democratization because it expands literacy, creates a secure middle class, and nurtures a cosmopolitan attitude, which are essential for democratization. According to them, that is the reason behind some states, particularly poor ones that more recently initiated democratization, following the model of “development first, democracy later.”<sup>14</sup> In these cases, some liberalization may happen before democratization, but liberalization should not be confused with democratization.

Juan J. Linz and Alfred Stepan highlight the distinction between liberalization and democratization. They argue that there can be “liberalization without democratization.”<sup>15</sup> They continue that liberalization, for example, the release of political prisoners, improved distribution of income, or tolerance of opposition, can also happen in a non-democratic setting. Authoritarian regimes may allow liberalization in order to expand their legitimacy. According to the authors, such liberalization must not be confused with democratization because the latter is a much wider and more specifically “political concept.”<sup>16</sup> They further explain that democratization requires “open contestation over the right to win control of the government through free and competitive elections to decide who governs.”<sup>17</sup> In Nepal, for instance, some liberalizing elements existed on and

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<sup>11</sup> Acemoglu and Robinson, *Economic Origins of Dictatorship and Democracy*, 219.

<sup>12</sup> Ibid.

<sup>13</sup> Joseph T. Siegle, Michael M. Weinstein, and Morton H. Halperin, “Why Democracies Excel,” *Foreign Affairs* 83, no. 5 (September – October, 2004): 57, [http://www.jstor.org/stable/20034067?seq=1#page\\_scan\\_tab\\_contents](http://www.jstor.org/stable/20034067?seq=1#page_scan_tab_contents)

<sup>14</sup> Ibid.

<sup>15</sup> Juan J. Linz and Alfred Stepan, *Problems of Democratic Transition and Consolidation: Southern Europe, South America, and Post-Communist Europe* (Baltimore, MD: Johns Hopkins University Press, 1996), 3.

<sup>16</sup> Ibid.

<sup>17</sup> Ibid.



off under the monarchy, but democratization with consistent free and fair elections is a more recent phenomenon.

Acemoglu and Robinson's argument also supplements this point wherein they explain democratization as more a "credible commitment than promises."<sup>18</sup> They argue that democratization is associated with the set of institutions and elites cannot necessarily commit to future policy decisions without reducing their political power. Therefore, to avoid radical outcomes, elites must democratize and create a credible commitment to "future majoritarian policies," which include greater involvement of citizens and are difficult to reverse.<sup>19</sup> In Nepal, while there were some elections prior to 1996, there was minimal mobilization of citizens. The masses were only mobilized under the Maoists, leading to the current democratizing phase.

Depending on the various aforementioned factors, some countries may take longer than others to adopt new rules and practices of democracy. According to Dankwart A. Rustov, "one generation is probably the minimum period of transition."<sup>20</sup> Scholars may disagree about the time required for democratization to take root, but the more relevant question is just what constitutes consolidation. To return to Rustov's argument, consolidation requires the "confluence of efforts and attitudes on the part of both citizens and politicians," and cannot be achieved for "just one specific sector or group of people."<sup>21</sup> Without this convergence, the achievements may relapse—which, arguably, is happening in the Nepalese case.

After the restoration of multiparty democracy from single-party absolute monarchy in 1990, the efforts and attitude of democratic parties were focused only on forming a government and staying in power, while neglecting the people's desire for reform. The persistence of grievances in the absence of reform fueled the insurgency to gain popular support and also provided an opportunity for the king to grab power once

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<sup>18</sup> Acemoglu and Robinson, *Economic Origins of Dictatorship and Democracies*, xiii.

<sup>19</sup> Ibid.

<sup>20</sup> Dankwart A. Rustov, "Transition of Democracy toward Dynamic Model" in *Transition to Democracy Comparative Perspective from Southern Europe, Latin America and Eastern Europe*, ed. Geoffrey Pridham (Brookfield, VT: Dartmouth Publishing Company, 1995), 347.

<sup>21</sup> Ibid., 360.

again. As S. D. Muni argues, when King Birendra was in power, he refused to deploy the army against the insurgency to prevent the escalation of civil war, but also because of his “frustration with the way the political parties were managing the insurgency.”<sup>22</sup> After Birendra’s assassination, his brother King Gyanendra used the military in countering insurgency. Muni further argues that, “taking advantage of the changed international context after 9/11, ... Gyanendra resolved to use military force to eliminate the Maoists to assume greater powers ... [and] in the process, he also wanted to sideline the political parties, as since 2002 he increasingly took control of the administration directly into his hands, leading eventually to his coup in February 2005.”<sup>23</sup>

Acemoglu and Robinson argue that a democracy is consolidated “if a set of institutions that characterize it endure through time.”<sup>24</sup> Their theory of democratic consolidation and coups highlights how the attitudes of citizens and elites toward democracy differ. They argue that citizens are more pro-democratic than elites, and that elites require political power to change future policies in a credible way. A coup enables the elites to “turn their transitory ... political power ... by changing political institutions.”<sup>25</sup> David Beetham, on the other hand, emphasizes the electoral process and argues that the end of the transition leads to democratic consolidation. According to him, the consolidation begins once the “newly elected government is formed after a free and fair election.”<sup>26</sup>

Larry Diamond’s argument encompasses elements of both Acemoglu’s and Robinson’s, and Beetham’s. Diamond points out the trinity of “democratic deepening, political institutionalization, and regime performance” as the three crucial components

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<sup>22</sup> S. D. Muni, “Nepal: The Maoist Insurgency-Origin and Evolution,” in *More than Maoism: Politics, Policies and Insurgencies in South Asia*, ed. Robin Jefferson, Ronjoy Sen, and Pratima Singh (New Delhi, India: Manohar Publishers, 2012), 82–83.

<sup>23</sup> Ibid., 83.

<sup>24</sup> Acemoglu and Robinson, *Economic Origins of Dictatorship and Democracies*, 30.

<sup>25</sup> Ibid.

<sup>26</sup> David Beetham, “Conditions for Democratic Consolidation,” *Review of African Political Economy* 21, no. 60 (June 1994): 159. [http://www.jstor.org/stable/4006202?seq=1#page\\_scan\\_tab\\_contents](http://www.jstor.org/stable/4006202?seq=1#page_scan_tab_contents).

for democratic consolidation.<sup>27</sup> He further argues that the democratic deepening makes democracy “accountable and representative,” while political institutionalization ensures “common rules and procedures for all political activities”; these two factors contribute to the regime’s “effective performance.”<sup>28</sup> Leonardo Morlino supplements Diamond’s argument and asserts that the democratic consolidation is the “process by which the democratic regime is strengthened.”<sup>29</sup> He emphasizes the process of “establishing and adopting democratic structures and norms.”<sup>30</sup>

Morlino also highlights the difficulty in achieving democratization where “political instability, corruption, inefficient taxation, and confusion on hierarchy principle” prevail.<sup>31</sup> Huntington also emphasizes the problems of democratization that countries face mostly during regime change, some of these are “establishing new constitutional and electoral system, replacing pro-authoritarian officials with democratic ones, modifying laws, abolishing or drastically changing authoritarian agencies, etc.”<sup>32</sup>

Of all these authors, Linz and Stepan present one of the best summaries of democratization, which applies to the case of Nepal. According to them, democracy becomes “the only game in town” in a consolidated democracy.<sup>33</sup> Once the monarchy and the insurgency ended in 2006, it appeared that the Maoist, democratic political parties and the military elite had decided that democracy was the only game in town in Nepal. According to Mahendra Lawoti, hard experience has taught the Nepalese to prize basic rights and to grasp that even an unsteady democracy beset by multiple problems is

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<sup>27</sup> Larry Diamond, *Developing Democracy towards Consolidation* (Baltimore, MD: Johns Hopkins University Press, 2011), 74.

<sup>28</sup> Ibid., 74–75.

<sup>29</sup> Leonardo Morlino, “Democratic Consolidation: Definition and Models,” in *Transition to Democracy: Comparative Perspectives from Southern Europe, Latin America, and Eastern Europe*, ed. Geoffrey Pridham (Brookfield, VT: Dartmouth Publishing Company, 1995), 573.

<sup>30</sup> Ibid., 574.

<sup>31</sup> Ibid., 579.

<sup>32</sup> Huntington, *The Third Wave*, 209.

<sup>33</sup> Linz, and Stepan, *Problems of Democratic Transition and Consolidation: Southern Europe, South America, and Post-Communist Europe*, 5.

preferable to an authoritarian misadventure.<sup>34</sup> He further argues that since democracy seems to be the only game in town globally and regionally, the lesson from the abolition of the monarchy may discourage any moves in an undemocratic direction, making a democratic reversal unlikely.<sup>35</sup> Linz and Stepan explain that “for democracy to become the only game in town,” democratization should combine behavioral, attitudinal, and constitutional dimensions.<sup>36</sup> Behaviorally, “no significant political groups should attempt to overthrow the democratic regime.”<sup>37</sup> Attitudinally, an “overwhelming majority should believe that political change must emerge from the parameters of democratic formula.”<sup>38</sup> Constitutionally, “all the actors in the polity should become habituated to resuming political conflict through established norms of laws, procedures, and institutions.”<sup>39</sup>

In the Nepalese case, it seems like the political parties, including the Maoists, have not learned these lessons from the past. After the promulgation of the constitution in October 2015, the government has changed three times within a year, albeit within the democratic framework. Instead of finding a solution through constitutional means, the ongoing agitation on the issue of federal structure indicates that democracy has yet to consolidate and prevail. For democracy to become “the only game in town,” Linz and Stepan further prescribe five “interconnected and reinforcing conditions,” which they call the “five arenas of a consolidated democracy.”<sup>40</sup> The five arenas of consolidated democracy are: a free and lively civil society; an autonomous and valued political society; rule of law; state bureaucracy; and an institutionalized economic society.<sup>41</sup> According to them, the first three conditions are “virtually definitional prerequisites” that are “more likely to be satisfied if a bureaucracy usable by democratic leaders and an

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<sup>34</sup> Mahendra Lawoti, “Reform and Resistance in Nepal,” *Journal of Democracy*, 25, no. 2 (John Hopkins University Press, April 2014): 132, <https://www.muse.jhu.edu/article/542449>.

<sup>35</sup> Ibid.

<sup>36</sup> Linz, and Stepan, *Problems of Democratic Transition and Consolidation: Southern Europe, South America, and Post-Communist Europe*, 5–6.

<sup>37</sup> Ibid.

<sup>38</sup> Ibid.

<sup>39</sup> Ibid.

<sup>40</sup> Ibid., 7.

<sup>41</sup> Ibid.

institutionalized economic society exists.”<sup>42</sup> For the consolidation of Nepalese democracy, it seems that more work is required on the first three factors. Bishnu Raj Upreti’s argument highlights this fact when he states that “Nepal’s transition is characterized by continued impunity, ... state’s weakness in providing basic service, a culture of violation, blockades and closures, tension between key political actors, delay in decision making and lack of implementation of the decisions made, expanded hate and mistrust.”<sup>43</sup>

In addition to these aspects of democratization, it is also important to understand the uniqueness of post-conflict societies, as they are different from societies that are transitioning to democracy in a peaceful context. Therefore, it is important to look at some of these theories. According to Sedara and Ojendal’s argument cited in John Tully’s article, post-conflict situations are unique because, “for countries coming out of an internal war, democratic values are not widespread, institutions are not developed, and few powerful internal interests are prepared to defend democracy.”<sup>44</sup> Stefan Wolff agrees with Tully et.al on the importance of institutions by stating, “Institutions matter because they can provide the context in which differences can be accommodated and managed in a non-violent political way.”<sup>45</sup> He also acknowledges the absence of consensus among existing literature on post-conflict states regarding the most suitable institutions to accommodate these differences and manage them in non-violent ways. Wolff further highlights *consociational institutions* and *territorial self-governance* as two options for post-conflict state building, but he favors consociational institutions for their feasibility and viability to contribute to sustainable peace and democracy.<sup>46</sup>

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<sup>42</sup> Linz, and Stepan, *Problems of Democratic Transition and Consolidation: Southern Europe, South America, and Post-Communist Europe*, 10.

<sup>43</sup> Bishnu Raj Upreti, “Nepal from War to Peace,” *Peace Review: A Journal of Social Justice*, 24, 1469–9982, doi: 10.1080/10402659.2012.651010, 102.

<sup>44</sup> John Tully, “Beyond Democracy in Cambodia: Political Reconstruction in a Post-Conflict Society,” in *Contemporary Southeast Asia*, ed. Joakim Ojendal and Mona Lilja, Vol. 33, No. 1, (NIAS Press, 2009), (ISSN 1793–284X), 152.

<sup>45</sup> Stefan Wolff, “Post-Conflict State Building: The Debate on Institutional Choices,” *Third World Quarterly* 32, no. 10 (November 2011): 1778, doi: 10. 1080/01436597.2011.610574.

<sup>46</sup> *Ibid.*, 1796.

Democratization in post-conflict societies also faces some challenges, and Richard Lappin's argument highlights this fact. According to Lappin, "democratization is an inherently volatile and unpredictable process ... a process that becomes even more demanding once the unique challenges of a post-conflict environment are taken into consideration."<sup>47</sup> Lappin further identifies security, deep social divisions, limited experiences with democracy and free and fair elections, absence of infrastructure, and lack of "the luxury of time to follow the steps of democratization" as other challenges to democratization in a post-conflict country.<sup>48</sup>

## **2. Post-insurgency Nepal**

The literature on the decline of the Maoist Party and the existing hurdles to democratic consolidation and reforms provides a critical understanding of why a gap exists between aspirations and reality in post-conflict Nepal. This understanding is important for the thesis, because it will help to understand the obstacles to democratic consolidation in Nepal and analyze how these obstacles effects on Nepalese stability.

Since the end of the insurgency in 2006, there have been two elections, in 2008 and 2013, respectively. In 2008, the Maoist Party emerged as the largest bloc and received twice as many seats as their nearest rival in the election for the 601-member Constituent Assembly election.<sup>49</sup> Among others, one primary reason for the 2008 electoral outcome is described by Madhav Joshi. Analyzing the public support gained by the Maoist Party during the Nepalese insurgency, Joshi argues that the "Maoist insurgency gained support for their promises of land reforms, redress of grievances and establishment of equitable society where people in rural villages have...economic opportunities irrespective of caste and state."<sup>50</sup> In the post-conflict scenario, Joshi further

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<sup>47</sup> Richard Lappin, "The Unique Challenges of Post-Conflict Democracy Assistance," *Peace Review: A Journal of Social Justice*, 22, no. 2 (May 2010): 178, doi: 10.1080/10402651003751479.

<sup>48</sup> Ibid., 179–82.

<sup>49</sup> Mahendra Lawoti, "Bullets Ballots and Bounty: Maoist Electoral Victory in Nepal," in *The Maoist Insurgency in Nepal: Revolution in the Twenty-first Century*, ed. Mahendra Lawoti and Anup K. Pahari (New York: Routledge, 2010), 287.

<sup>50</sup> Madhav Joshi, "Between Clientelistic Dependency and Liberal Market Economy: Rural Support for the Maoist Insurgency in Nepal," in *The Maoist Insurgency in Nepal: Revolution in the Twenty First Century*, ed. Mahendra Lawoti and Anup K. Pahari (New York: Routledge, 2010), 107.

recommends that the governments should successfully enact redistributive policies and should aggressively pursue land reforms and investment in rural development projects.<sup>51</sup>

Joshi's recommendations also represent the general aspirations of the post-conflict Nepalese citizenry, more so because the force that led the insurgency had finally come to the political mainstream. After the electoral victory in 2008, the Maoist Party headed the national government twice before the 2013 election. However, the outcome of the 2013 election was very different from that of 2008. As Prasant Jha puts it, "the same voters had decisively rejected the former rebels; from 240 seats in a house of 301, the Maoists shrunk to one-third of their original size, with only 80 members."<sup>52</sup> One may wonder what happened between 2008 and 2013 to bring about this drastic change. Lawoti's argument provides a reasonable answer to the question. He argues that, between 2008 to 2013, "the Maoists resolved no issues except army integration that also on the terms viewed unfavorably by many of their voters, ...on the issue of land reforms and federalism, they backtracked again alienating supporters in the process."<sup>53</sup>

Upreti takes the argument even further and highlights the political characteristics of post-conflict Nepal. He argues that "trust plays a critical role in managing post-conflict transition.... [The] fundamental criteria to measure trustworthiness is matching saying with doing ... [and] politicians in Nepal are prone to making sweeping and controversial promises and often commit to things they cannot deliver and this characterization is posing daunting challenges in Nepal."<sup>54</sup> He further highlights the fact that the elite of the peace process have been enjoying power and state privileges, but ordinary citizens have been left out. Upreti also asserts that "post-conflict development is not happening because of the lack of a coalition culture of the political parties, inner-party and inter-

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<sup>51</sup> Joshi, "Clientelistic Dependency," 107.

<sup>52</sup> Prashant Jha, *Battle of the New Republic: A Contemporary History of Nepal* (New Delhi, India: Aleph Book Company, 2014), 335.

<sup>53</sup> Lawoti, "Reform and Resistance in Nepal," 141.

<sup>54</sup> Upreti, "Nepal from War to Peace," 103.

party conflicts, and mushrooming of armed outfits, ... [and thus] the criminalization of politics and the politicization of crime are growing in Nepal.”<sup>55</sup>

Upreti advises that Nepali politicians need to come forward with new commitments, necessary institutional arrangements and appropriate processes and procedures to ensure a smooth transition from war to peace.<sup>56</sup> Lauri Siitonen also supplements Upreti’s argument when he states that “weak statehood and low human security are mutually interlinked in complex ways in the case of post-conflict Nepal.”<sup>57</sup> He further argues that “the unfair ways in which the police and other state personnel react to peoples’ claim for justice weaken the possibility of state intervention in violent conflict; ... the challenge seems to be to find the fine line between the demands for rebuilding the state ... and the popular request for justice, which is a condition for human security.”<sup>58</sup>

Joshi and Lawoti’s argument paints a picture of the gap between the aspirations and reality of common Nepalese citizens, whereas Upreti and Siitonen’s argument highlights the post-conflict realities and difficulties of democratic consolidation in Nepal. Although much scholarly effort has attempted to explain why the gap exists, very few attempts have been made to analyze how this gap between aspiration and reality will impact stability and democratic consolidation in Nepal.

#### **D. POTENTIAL EXPLANATIONS AND HYPOTHESES**

The ongoing political instability and the failure to execute reforms and address existing socio-economic cleavages have repeatedly produced a number of social movements in Nepal. The Maoists exploited these cleavages to wage an insurgency with the promises to eliminate them. They also failed to deliver on their promises once they ascended to power. The repeated failure to bridge the gap between aspiration and practical reform has frustrated and confused the Nepalese population. To understand the

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<sup>55</sup> Upreti, “Nepal from War to Peace,” 103.

<sup>56</sup> Ibid., 107.

<sup>57</sup> Lauri Siitonen, “Human Security and State Building in Post-Conflict Nepal: Peace at the cost of Justice,” *Asia: Regions and Cohesion* 1, no. 1 (Spring 2011): 54.

<sup>58</sup> Ibid., 73.



setting, which remains politically unstable, I hypothesize that the grievances persist not because the political parties do not want to address them, but because they cannot be addressed given the lack of current economic resources and the socio-political structure and distribution.

Recognizing the impracticality of previous promises, Nepalese political parties have adopted some elements of liberalization such as abolition of monarchy and promulgation of an inclusive constitution to achieve a temporary equilibrium. But, given the heightened socio-economic and political awareness due to popular mobilization during insurgency, I further hypothesize that the inability to address the persistent grievances weakens the democratic consolidation process. Until the Maoists and other political parties address the grievances through honest and gradual processes, Nepalese democracy will not consolidate. In the absence of democratic consolidation, the presently attained political equilibrium may not hold for a long time. If that happens, the country may see another period of social unrest, further delaying the democratic consolidation and development by decades.

## **E. RESEARCH DESIGN**

In this thesis, I employ the single case study method to determine the causes leading to the Maoist insurgency. There are two steps to this approach. First, I analyze the political history of Nepal to identify the causes that led to the insurgency by looking at the books, scholarly articles, government documents, and newspapers. I also analyze the promises made by the Maoists to reform existing socio-economic and political inequalities when they started the insurgency. This part covers the time period up to 2006 when Nepalese Maoists joined the political mainstream.

Second, I analyze the reforms and development activities done after 2006 to 2016 to determine which reforms actually happened in the post-conflict period. Getting relevant information on post-conflict reforms was more difficult as it is an ongoing process. However, the coverage of such aspects in newspapers, scholarly articles, and also by the opposition parties, made a good source of information.

Once these two analyses presented in this thesis are complete, I then employ a comparative method to examine these two time periods to identify the gaps between the initial promises and actual reforms. Upon identifying the gaps between aspirations and implementations, I finally analyze the likely impact of those shortfalls in the consolidation of Nepalese democracy and stability.

The research has primarily relied on the existing secondary scholarly data. Wherever possible, the research has also used primary data, mostly governmental documents, policy papers, and official websites.

## **F. THESIS OVERVIEW AND CHAPTER OUTLINE**

This thesis is divided into four parts. The introductory chapter covers the contextualizing background to include: the research question, significance of the research question, literature review, potential explanation and hypothesis, and research design. Chapter II focuses on the background of the Nepalese insurgency. It explains the socio-economic and political grievances of Nepalese society that led to the insurgency. Chapter III looks into the insurgency itself, the promises made by the Maoist Party that led to its support, and the termination of the insurgency by 2006. It then examines the raised aspiration of the people, and the socio-economic and political reforms that happened in the post-conflict environment after 2006. The objective of this chapter is to identify the gaps between the aspiration and reality. Chapter IV analyzes the likely effects of the gaps in democratic consolidation and stability of Nepal, and concludes with some recommendations for reforms and stability of Nepalese democracy.

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## **II. OLD GRIEVANCES AND NEW PROMISES: THE BACKGROUND OF THE NEPALESE INSURGENCY**

The origins of the Nepalese insurgency lie in the political exploitation of socio-economic realities. Nepal's agrarian economy gave rise to socio-economic disparities, which remained unresolved due to the centralistic political system. Promises to resolve these grievances have led to a number of political movements in Nepal—some partially successful, while others failed. Each successful political movement was able to bring about some change, but the root cause of the grievances was never addressed in totality. Thus, political demands and changes attained a temporary stability, but the grievances remained, and every two or three decades, another political movement seizes on them. The Maoist insurgency in the 1990s also tapped into these persistent grievances to rally people against the contemporary political order with the promises of socio-economic and political representation. Jha helps place things into perspective when he states that the democratization in Nepal has been “a story of a society and a nation grappling with the fundamental political question of who ought to exercise power, to what end, and for whose benefit.”<sup>59</sup>

This chapter briefly examines the socio-economic and political history of Nepal to explain the issues of caste, language, and ethnic discrimination and their relationship to the people's grievances against the state. The purpose of this chapter is to identify the persistent inequalities behind the grievances in Nepalese society. Political failure to address these grievances produced the Maoist insurgency.

### **A. HISTORICAL BACKGROUND**

To understand the nexus of socio-economic and political realities with the insurgency, a brief historical background of modern Nepalese society is essential. The reason for repeated political mobilization for democratization rests on the semi-feudal and authoritarian nature of the regime that was established during monarchy and continues to persist. Its roots trace back to the mid-1700s, when King Prithivi Narayan

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<sup>59</sup> Jha, *Battle of the New Republic: A Contemporary History of Nepal*, xxvi.

Shah from the House of Gorkha started the *Nepalese Unification Campaign*. The unification campaign brought a number of princely states under the Shah dynasty. The campaign came to a halt after a two-year Anglo-Nepalese war from 1814 to 1815. The *Sugauli Treaty* of 1815, signed between then East India Company and the Nepal Government marked the end of the unification campaign in which Nepal lost a large territory to the East India Company. When the British Government returned six districts of Western Nepal as a gesture of loyalty for the Nepalese assistance in quelling the Indian *Sepoy Mutiny* of 1857, it marked the permanence of present-day Nepalese borders.<sup>60</sup>

Geographically, the unification campaign succeed in bringing a number of principalities under single rule. The monarchy always presented itself as a symbol of unification, but socio-economic and cultural integration, however, remained a controversial issue. The monarchy and the elites in a feudalistic structure were always thought of as hindering the democratization, thereby resisting socio-economic and political reforms. Marie Lecomte-Tilouine argues that “when King Prithivi Narayan Shah unified Nepal, he stated Nepal as a common flower garden of four classes (*Varna*) and 36 classes (*Jaats*). The poetic philosophy was meant to unite all castes under one flag.”<sup>61</sup> However, the reality differed, and as Susan I. Hangen puts it, “the unification campaign started the process of state building, but resulted in ethnic stratification ... [in which] different groups of people were incorporated in the state on unequal terms.”<sup>62</sup> Over a period of time, this ethnic stratification deepened and finally created social discrimination in Nepalese society. She further argues that the “state formation benefited high-caste Hindus, some Newars, and some other ethnic groups, who were able to establish a good relationship with the rulers.”<sup>63</sup> The people close to the rulers benefited from the emergent state, but not all did. These realities led to a strong anti-regime perception, which

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<sup>60</sup> Jha, *Battles of the New Republic: A Contemporary History of Nepal*, 10.

<sup>61</sup> Marie Lecomte-Tilouine, *Hindu Kingship, Ethnic Revival, and Maoist Rebellion in Nepal* (New York: Oxford University Press, 2009), 82.

<sup>62</sup> Susan I. Hangen, *The Rise of Ethnic Politics in Nepal: Democracy in the Margins* (New York: Routledge, 2010), 28.

<sup>63</sup> *Ibid.*

continued to prevail during the direct monarchical rule, among the deprived and lower-caste people.<sup>64</sup>

## **B. SOCIAL AND ECONOMIC FACTORS**

The unification campaign successfully integrated the geography, but failed in terms of socio-economic integration. Political representation is to some extent a product of these grassroots concerns. An understanding of socio-economic grievances therefore is essential to understand the political mobilization and efforts to democratization.

### **1. Religion, Caste, Ethnicity, and Social Status**

Nepal is a small developing country in South Asia with an area of 147,181 square kilometers.<sup>65</sup> It is land-locked, sharing a border with the Tibetan Autonomous Region of China to the north and with India to the east, west, and south. The Central Intelligence Agency's *World Fact Book* website estimates Nepal's population to be a little more than 29 million in July 2016.<sup>66</sup> The website refers to the 2011 national census, which reported 125 caste/ethnic groups with 123 different spoken languages within the population.<sup>67</sup> The *Statistical Year Book of Nepal 2013* states that 83 percent of the population lives in rural areas; agriculture is the mainstay of the economy and accounts for one third of gross domestic product (GDP).<sup>68</sup> According to the book, per capita GDP and gross national income (GNI) in 2011 are approximately USD 703 and USD 717, respectively.<sup>69</sup> The literacy rate is 65.9 percent, and in 2011 about 25.2 percent of the population lived below the poverty line—USD 3.10 per day.<sup>70</sup> This data shows that Nepal is one of the least-

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<sup>64</sup> Hangen, *The Rise of Ethnic Politics in Nepal: Democracy in the Margins*, 28.

<sup>65</sup> "2013 Country Rankings by Total Area," Central Intelligence Agency, accessed January 10, 2017, [http://www.photius.com/rankings/geography/total\\_area\\_sq\\_km\\_2013\\_0.html](http://www.photius.com/rankings/geography/total_area_sq_km_2013_0.html).

<sup>66</sup> "The World Fact Book: Nepal," Central Intelligence Agency, accessed October 14, 2016, <https://www.cia.gov/library/publications/the-world-factbook/geos/np.html>.

<sup>67</sup> Ibid.

<sup>68</sup> Central Bureau of Statics, *Statistical Year Book of Nepal-2013* (Kathmandu: Government of Nepal National Planning Commission Secretariat, 2013), xii, accessed October 14, 2016, [http://cbs.gov.np/image/data/Publication/Statisticalpercent20Yearpercent20bookpercent202013\\_SS/Statistical-Year-book-2013\\_SS.pdf](http://cbs.gov.np/image/data/Publication/Statisticalpercent20Yearpercent20bookpercent202013_SS/Statistical-Year-book-2013_SS.pdf).

<sup>69</sup> Ibid.

<sup>70</sup> Central Bureau of Statics, *Statistical Year Book of Nepal-2013*, xii.

developed countries in the world, with a high rate of poverty and multi-ethnic and multi-linguistic population.

Nepal does not have such high-return natural resources as natural gas or the petroleum products found in the Middle East. Although the geographic conditions and bio-diversity of the country have the potential for abundant natural resources, Nepal lacks the infrastructure, funding, and technology required to exploit them. The economy, therefore, largely remains agriculture based.

The first source of social grievances of the agrarian country is the caste-based division of the society. The Hindu caste-based system on the Indian subcontinent is one of the oldest social systems in the world.<sup>71</sup> Caste determines one's occupation, which also determines the social status of each caste group.<sup>72</sup> *Brahmans* are the highest and most sacred cast who were traditionally responsible for priestly duties; *Kshetriyas*, known as *Chhetri* in Nepal, are the martial class for military/policing-like duties; *Baisyas* are the merchants and businesspeople; *Sudras*, form the low caste, working as farmers and laborers. Beneath everyone are those belonging to occupational groups consisting of service jobs, such as shoemaker, blacksmith, etc., who are considered "impure and untouchables or *achhuts*."<sup>73</sup> The *untouchables* are also known as *Dalits*. After 1991, the term "marginalized" and "backward class" replaced *Sudras* and *Dalits* in day-to-day affairs as society sought to bring social equality into society.

In Nepal, *Bahun Chhetris* (BC) historically occupied the top rank of society and politics. Meanwhile, *Baisyas* had some level of representation, and *Sudras* and *Dalits* were socially and politically excluded or limited from public institutions and places like schools or temples. Even when they had access, they were granted a lower status and

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<sup>71</sup> Maya Chadda, *Building Democracy in South Asia: India, Nepal, Pakistan* (Boulder, CO: Lynne Rienner Publishers, 2000), 2.

<sup>72</sup> Lecomte-Tilouine, *Hindu Kingship, Ethnic Revival, and Maoist Rebellion in Nepal*, 194.

<sup>73</sup> Nepal Gender and Social Exclusion Assessment (GSEA) Summary Report, *Unique Citizens: Gender Caste and Ethnic Exclusion in Nepal – Summary* (The World Bank and Department for International Development: 2006), xvi–xvii, accessed October 26, 2016, <http://siteresources.worldbank.org/EXTSOCIALDEV/Resources/3177394-1168615404141/NepalGSEASummaryReport-part1.pdf>.

could not mingle with high or middle castes.<sup>74</sup> These practices fostered a sense of anguish and humiliation among the lower castes, which over time developed as grievances against the higher caste in particular and the state in general.

Caste-based grievances were further solidified by another unique feature of Nepalese society. The caste-based system sought to incorporate non-Hindus, such as ethnic groups or *Janjatis*, foreigners, and Muslims into Nepalese society. While incorporating the non-Hindus, the caste-based system granted a middle rank to the non-Hindu *Janjatis*, below the high ranking BC group. A lower rank was granted to non-Hindu foreigners and Muslims. Within the lower rank, the foreigners and non-Hindus were just above the other *Sudras* and *Dalits*. This incorporation further solidified the grievances of caste-based discrimination in two ways. First, the *Janjatis*, granted a middle rank, complained of their status when compared to the high rank held by the high-caste Hindus. The process of Hinduization of non-Hindu *Janjatis* by the rulers to create a monolithic state was detrimental to their cultural autonomy.<sup>75</sup> Second, the lower caste Hindus and *Dalits* felt further marginalized as the non-Hindus and foreigners were above them. Such grievances solidified the opposition against the high-caste Hindus and the state they dominated.

Various government policies and codes strengthened the Hindu domination and marginalized the lower-caste Hindus, *Dalits*, and the non-Hindu groups. Social stratification remained in place because the monarchy and Rana oligarchy (1846–1951, discussed in more detail in Section C) both supported the concept of religious nationalism.<sup>76</sup> Religion was reinforced and reflected in the legal codes and laws that legitimized the discrimination and inequality.

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<sup>74</sup> “Caste System of Nepal,” GoNepal.eu, accessed January 18, 2017, <http://www.gonepal.eu/en/about-nepal/social/caste-system-of-nepal>.

<sup>75</sup> B. C. Upreti, *Maoists in Nepal: From Insurgency to Political Mainstream* (New Delhi, India: Kalpaz Publications, 2008), 81.

<sup>76</sup> D. B. Gurung, “Ethnic and Socio-Cultural Dimension to the Maoist Insurgency: An Overview,” in *Conflict, Human Rights and Peace Challenges Before Nepal: Rishikesh Shaha Memorial Lectures 2003*, ed. Bipin Adhikari (Kathmandu, Nepal: National Human Rights Commission, 2003), 84.



The relationship between land and labor and its relationship with caste laid the foundation for grievances. Although the *Janjatis* were granted a middle ranking as caste, the Shah rulers during unification (mid-18th to early 19th century) confiscated their communal land or *Kipat*, and converted them to state-owned land or *Raikar*, so that it could support the state and military expenditure.<sup>77</sup> Some of the confiscated lands were also given to the higher castes and members of royal families.<sup>78</sup> This deprived the *Janjatis* of their communal lands.

Meanwhile, the lower castes and *Dalits* were denied land title, even though they were the primary cultivators and ploughmen.<sup>79</sup> Jagannath Adhikari argues that the “lack of access to land was linked to social exclusion, which forced the landless to accept the hegemonic relationship with the landlords or the owners of the land.”<sup>80</sup> They continued to be ploughmen (*Haliya* in *Terai* and *Hali* in hills) and in some cases as semi-bonded labor as the landless pledged their labor service as collateral to landowners to work on their land, ultimately becoming a virtual bonded laborer.<sup>81</sup> In Western Nepal, the *Kamaiya* system is an example of this relationship.<sup>82</sup> The issue of bonded labor related to land ownership remains a grievance among lower castes and *Dalits* against the land owning high castes.

The second group of social grievances is based on the issue of language and culture. Indo–Aryans and Tibeto–Burmans form the two linguistic groups in Nepal, and each of these groups is divided into various sub-groups. The Indo–Aryan group, which speaks the Nepali national language and follows Hindu culture, consists of two sub-

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<sup>77</sup> Om Gurung, “Social Inclusion: Policies and Practices in Nepal,” Occasional Papers (vol. 11): 5, accessed January 18, 2017, [http://himalaya.socanth.cam.ac.uk/collections/journals/opsa/pdf/OPSA\\_11\\_01.pdf](http://himalaya.socanth.cam.ac.uk/collections/journals/opsa/pdf/OPSA_11_01.pdf).

<sup>78</sup> Ibid.

<sup>79</sup> Jagannath Adhikari, *Land Reforms in Nepal: Problems and Prospects* (Kathmandu: Action Aid Nepal, 2008), 6, accessed December 24, 2016, [http://www.actionaid.org/sites/files/actionaid/land\\_reform\\_complete\\_-\\_done.pdf](http://www.actionaid.org/sites/files/actionaid/land_reform_complete_-_done.pdf).

<sup>80</sup> Ibid.

<sup>81</sup> Shiva Sharma, “Land Tenure and Poverty in Nepal,” paper presented at WDR-2000 consultation meeting organized by the World Bank, April 4–6, 1999, Dhaka, Bangladesh, 4, accessed January 19, 2017, <http://siteresources.worldbank.org/INTPOVERTY/Resources/WDR/dhaka/sharma.pdf>.

<sup>82</sup> Ibid.

groups: first is the Hill Indo–Aryan, which has a majority of high-caste Brahmans and Chhetris (BC) (about 31 percent of the total population), and a nominal number of service-caste *Dalits* (about 7.5 percent);<sup>83</sup> second is the *Terai* (southern plains people)—14.8 percent of *Terai* BC and middle caste, and 4.7 percent of *Dalits*.<sup>84</sup>

The second linguistic group, the Tibeto–Burman, resides in the hills and mountains mainly in the form of various tribal communities popularly known as *Hill Janjatis* (about 23 percent).<sup>85</sup> A small number of Tibeto–Burmans who also speak the Indo–Aryan language and live in the *Terai* belt are considered indigenous people, like Tharus and Dhimals, and are also known as *Tarai Janjatis* (about 8.7 percent).<sup>86</sup> All *Janjatis* have their own language, and own culture that is different from that of the Indo–Aryan group.

Besides these two groups, there is another group called the *Newars*, who are the original residents of the Kathmandu valley, the capital city. *Newars* are of a mixed descent of both Indo–Aryans and Tibeto–Burmans.<sup>87</sup> They form 5.5 percent of the population.<sup>88</sup> Although *Newars* have their own culture, they follow a mixture of Indo–Aryan and Tibeto–Burman culture.

The grievances based on language and culture originated from the concept of singular national identity. As Om Gurung puts it, “rather than developing a new model of ethnic pluralism ... the new regime ... officially promoted ethnic homogenization by imposing the concept of one nation, one culture, one language, one religion, and one national identity.”<sup>89</sup> Becoming a Nepalese citizen meant speaking the Nepali language, observing the caste system, and wearing Nepali dress. *Parbatiya* (hill) Hindu values

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<sup>83</sup> “Unique Citizens: Gender Caste and Ethnic Exclusion in Nepal – Summary,” *GSEA Summary Report*, 2006, 17–18.

<sup>84</sup> Ibid.

<sup>85</sup> Ibid.

<sup>86</sup> Ibid.

<sup>87</sup> T. Louise Brown, *The Challenge to Democracy: A Political History* (New York: Routledge, 1996), 51–52.

<sup>88</sup> “Unique Citizens: Gender Caste and Ethnic Exclusion in Nepal – Summary,” *GSEA Summary Report*, 2006, 17–18.

<sup>89</sup> Gurung, “Social Inclusion: Policies and Practices in Nepal,” 6–7.

became the dominant symbols of creating national culture. Gurung asserts that the “indigenous and other non-Hindu peoples were forced to learn this new ‘common’ culture, and cultural elements of unity was proclaimed by suppressing the differences.”<sup>90</sup> In a country with 125 different ethnic groups and 123 different dialects, the forced indoctrination to Nepali language and *Parbatiya* (hill) Hindu culture produced another set of grievances against the high castes and the state. Although the 1990 constitution provided for education in the mother tongue up to primary level, the resources were not provided for implementing the provision.<sup>91</sup> In addition, the ethnic groups considered the provision of education only up to primary level to be discriminatory.

Overall, the caste system was discriminatory to Hindus due to the discriminatory treatment to lower castes and *Dalits*, which over time became the prime reason for their marginalization. For *Janjatis*, the non-Hindu groups, their incorporation into the caste system in the process of establishing monolithic state by Hinduization was one reason for their grievances. But the primary grievance was related to the confiscation of their traditional land and being subjected to taxation, which contributed to their gradual marginalization.

## **2. Economic Disparity and Discrimination**

Caste- and linguistic-based social grievances were reflected in economic issues among the marginalized groups. Discriminatory practices among the Nepalese had a direct impact on lack of opportunity, and therefore poverty. These inequalities are found in land ownership, employment, education, health and other development indicators. In Nepal, where the agrarian economy contributes one third of GDP and 83 percent of the population lives in rural areas, the top 5 percent of the wealthiest people control 40 percent of the cultivated land, whereas the bottom 60 percent of the population controls only 20 percent.<sup>92</sup> *Dalits*, comprising almost 20 percent of the population, own less than

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<sup>90</sup> Gurung, “Social Inclusion: Policies and Practices in Nepal,” 6–7.

<sup>91</sup> “Unique Citizens: Gender Caste and Ethnic Exclusion in Nepal – Summary,” *GSEA Summary Report*, 2006, 43.

<sup>92</sup> Center for Human Rights and Global Justice, *The Missing Piece of the Puzzle: Caste Discrimination and the Conflict in Nepal* (New York: New York University, 2005), 8–9.

1 percent of the arable land, and only 3 percent of them have more than one hectare of land.<sup>93</sup> Less than one hectare of arable land is not sufficient to sustain a family for the whole year. Similarly, in terms of wealth, a study carried out by the Nepal South Asia Center showed that 12 percent of households possessed 71 percent of the national income, whereas the poorest 20 percent of households possessed only 3.7 percent of the national income.<sup>94</sup>

The population census of 2001 paints the picture of social disparity in terms of occupations. The data show the upper caste occupied 62 percent of the professional and technical positions, 58 percent of the legislative and administrative positions, and 53 percent of the clerical positions, while this caste composes only 35 percent of the economically-active population.<sup>95</sup> In contrast, *Dalits* as 12 percent of the economically-active population represent 4 percent of such positions, and *Janjatis* who comprise 38 percent of the economically-active population have 30 percent of these occupations. In terms of proportion in production labor, the situation was reversed, with high castes forming 19 percent of labor, while *Dalits* and *Janjatis* accounted for 20 percent and 38 percent of labor, respectively.<sup>96</sup>

The poverty due to landlessness also limits access of the marginalized to education and health, which in turn results in the lack of opportunity. The GSEA Summary Report presents data from the 2001 census. According to the report, about 30 percent of Brahmins and Chhetris and 29 percent of Newars had not been to school. On the other hand, the lack of formal education was as high as 43 percent among the *Hill Dalits*, 76 percent among the *Tarai Dalits*, 62 percent among the Muslims, and 45 percent among the *Hill Janjatis* (see Figure 1).<sup>97</sup>

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<sup>93</sup> Center for Human Rights and Global Justice, *The Missing Piece of the Puzzle*, 8-9.

<sup>94</sup> S. S. Pattanaik, "Maoist Insurgency in Nepal: Examining Socio-economic Grievances and Political Implications," *Strategic Analysis: A Monthly Journal of IDSA* 26, no.1 (2002): 4.

<sup>95</sup> Harka Gurung, "Social Exclusion and Maoist Insurgency," paper presented at the National Dialogue Conference of ILO Convention 169 on Indigenous and Tribal Peoples, Kathmandu, Nepal, January 19–20, 2005, 4.

<sup>96</sup> Ibid.

<sup>97</sup> "Unique Citizens: Gender Caste and Ethnic Exclusion in Nepal – Summary," *GSEA Summary Report*, 2006, 29.

Figure 1. Education Level by Caste and Ethnicity<sup>98</sup>

|                     | Never Attended | Grades 1-4 | Grades 5-10 | SLC and Above |
|---------------------|----------------|------------|-------------|---------------|
| Hill B/C            | 31.6           | 24.6       | 33.7        | 10.1          |
| Tarai B/C           | 26.6           | 25.6       | 29.6        | 18.2          |
| Tarai Middle Castes | 56.8           | 22.0       | 17.4        | 3.8           |
| Hill Dalits         | 43.3           | 31.9       | 23.1        | 1.7           |
| Tarai Dalits        | 76.4           | 14.9       | 7.5         | 1.2           |
| Newars              | 28.5           | 20.8       | 27.6        | 23.0          |
| Hill Janajatis      | 44.6           | 27.2       | 25.2        | 3.0           |
| Tarai Janajatis     | 47.2           | 24.1       | 24.2        | 4.5           |
| Muslims             | 62.4           | 24.9       | 11.0        | 1.7           |
| Nepal               | 44.0           | 24.7       | 24.6        | 6.7           |

Similar to education, the health sector also reflects the disadvantages of the lower castes and minorities. Life expectancy in general is higher among the BC group and *Newars* than other groups. According to the GSEA report, the life expectancy among the BC group and *Newars* is around 60 to 63 years, whereas the same is around 50 to 52 years among *Dalits* and Muslims.<sup>99</sup> The infant mortality rate is also the lowest among the BC group and *Newars*, i.e., 52.5/77.8 and 56 per thousand, respectively—compared to the 171 per thousand among *Dalits*, 158 among Muslims, and 141/135/133/133 per thousand among Tamangs, Magar, Limbu, and Rai (*Janjatis*), respectively.<sup>100</sup> The report indicates that the “likelihood of survival of a *Dalit’s*, *Muslim’s*, and *Jajati’s* child is half that of either a *Newar* or a Brahman child” (see Figure 2).<sup>101</sup>

<sup>98</sup> Source: The World Bank and Department for International Development, *Unequal Citizens: Gender, Caste and Ethnic Exclusion in Nepal* (Kathmandu, Nepal: World Bank and Department for International Development, 2006), <http://sitesources.worldbank.org/EXTSOCIALDEV/Resources/3177394-1168615404141/NepalGSEASummaryReport-part1.pdf>.

<sup>99</sup> “Unique Citizens: Gender Caste and Ethnic Exclusion in Nepal – Summary,” *GSEA Summary Report*, 2006, 26.

<sup>100</sup> Ibid.

<sup>101</sup> Ibid.

Figure 2. Mortality Rates and Life Expectancy by Caste and Ethnicity<sup>102</sup>

| Caste / Ethnicity | Under 5 MR (per '000) | IMR (per '000) | Life Expectancy* |
|-------------------|-----------------------|----------------|------------------|
| Brahman           | 69.0                  | 52.5           | 61.4             |
| Chhetri           | 109.1                 | 77.8           | 58.4             |
| Yadav/Ahir        | 142.0                 | 98.5           | 54.2             |
| Dalit             | 171.2                 | 116.5          | 50.8             |
| Newar             | 74.9                  | 56.0           | 63.2             |
| Tamang            | 141.2                 | 98.0           | 54.2             |
| Magar             | 135.9                 | 94.7           | 54.9             |
| Limbu             | 133.3                 | 93.2           | 55.2             |
| Rai               | 133.0                 | 92.9           | 55.3             |
| Gurung            | 126.3                 | 88.6           | 56.1             |
| Tharu             | 106.4                 | 76.0           | 58.7             |
| Muslim            | 158.3                 | 108.6          | 52.2             |

Higher rate of infant mortality among the marginalized is probably because the women from these groups are less educated, and a strong linkage is found between “mothers’ education, wealth, and child survival.”<sup>103</sup> Educated mothers are aware of the services available during and after maternity. Educated mothers also understand the importance of mother and child health care, which reduces child mortality.

The GSEA Report refers to the Nepal Living Standards Survey, 2003/4 (NLSS-II), which states that about 31 percent of the population were living below the poverty line.<sup>104</sup> Although 31 percent is a high rate of poverty, that figure represents a significant drop compared to 42 percent from the NLSS-I in 1995/6.<sup>105</sup> Despite the fall in the overall poverty level, the GSEA Report suggests that “almost half of all *Dalits* live below the poverty line, and poverty incidence among Hill *Janajatis* and Muslims is significantly higher than the national average” (see Figure 3).<sup>106</sup>

<sup>102</sup> Source: The World Bank and Department for International Development, *Unequal Citizens: Gender, Caste and Ethnic Exclusion in Nepal* (Kathmandu, Nepal: World Bank and Department for International Development, 2006), <http://sitesources.worldbank.org/EXTSOCIALDEV/Resources/3177394-1168615404141/NepalGSEASummaryReport-part1.pdf>.

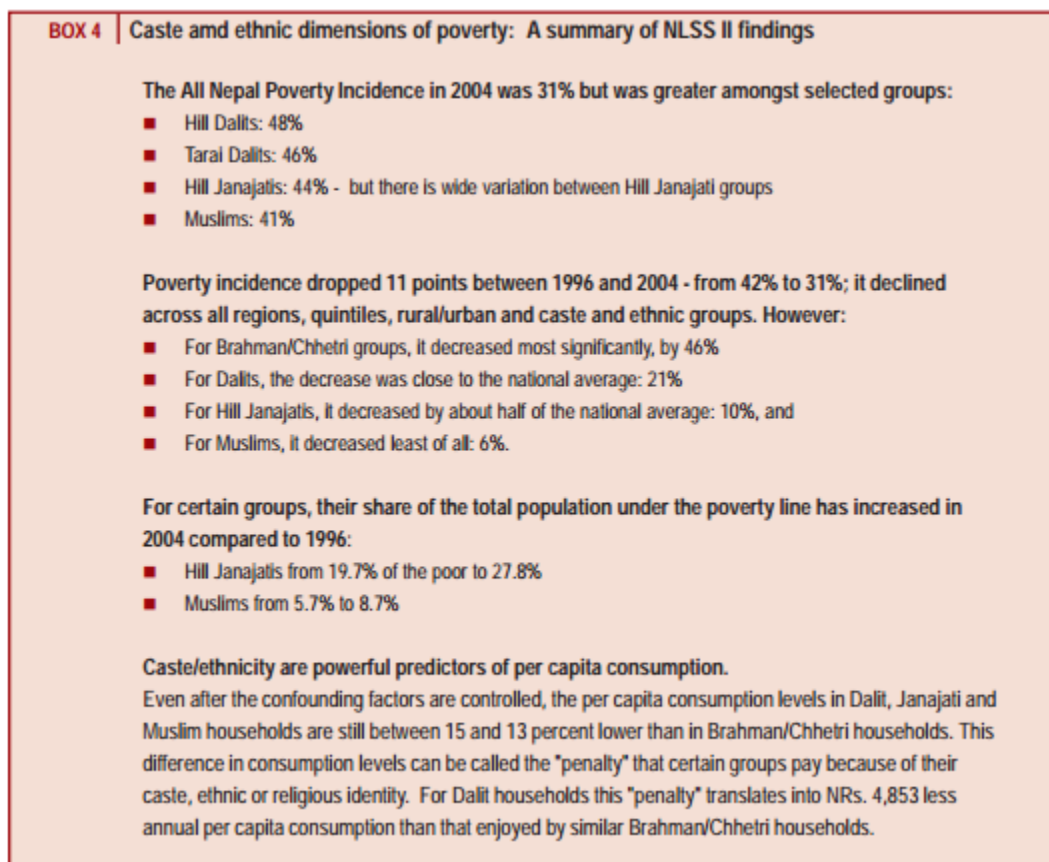
<sup>103</sup> “Unique Citizens: Gender Caste and Ethnic Exclusion in Nepal – Summary,” *GSEA Summary Report*, 2006, 26.

<sup>104</sup> *Ibid.*, 18–21.

<sup>105</sup> *Ibid.*

<sup>106</sup> *Ibid.*, 20–21.

Figure 3. Caste and Ethnic Dimensions of Poverty<sup>107</sup>



The disparity in education, health, and poverty connects to the issue of land ownership. In an agrarian economy, land is the main wealth-producing asset. The high caste landowners are rich and can afford education, while the lower caste landless are working to survive and are caught up in a cycle of poverty and lack of opportunity. Discrimination based on religion, caste, and ethnicity produce socio-economic inequality, which over a period of time is converted to the persistent grievances among the marginalized groups. Some high-caste poor from rural areas also share grievances with the lower caste, illustrating the importance of land distribution policy and lack of opportunities.

<sup>107</sup> Source: The World Bank and Department for International Development, *Unequal Citizens: Gender, Caste and Ethnic Exclusion in Nepal* (Kathmandu, Nepal: World Bank and Department for International Development, 2006), <http://sitesources.worldbank.org/EXTSOCIALDEV/Resources/3177394-1168615404141/NepalGSEASummaryReport-part1.pdf>.

Such socio-economic grievances became an important factor in the 40-Point Demand by the Maoist Party just before the beginning of insurgency in 1996. The Maoist Party advocated rights for the marginalized people as they sought to mobilize them with their social reform platform.<sup>108</sup> The Maoists started their insurgency from the hills of the western and mid-western regions that have a majority of *Dalits* and *Janjatis*. By 2004, *Dalits* and *Janjatis* shared the highest rate of casualty, i.e., 32 percent of the total casualties, during insurgency.<sup>109</sup> According to Avidit Acharya, the people joined the insurgency initially for “economic reasons such as the desire for food, shelter and clothing—things that were promised by the rebel leaders to their soldiers.”<sup>110</sup> Later, hundreds of poor peasants joined the insurgency voluntarily, inspired by justice for poor people through violence.<sup>111</sup>

### **C. FAILURE OF DEMOCRATIC MOVEMENT AND RADICALIZATION OF THE MARGINALIZED**

The radicalization of Nepalese society leading to the Maoist insurgency was a link in the chain of failure to democratize and to implement reforms for eliminating socio-economic grievances. Democratic movements started in Nepal during the 1950s; however, they have been unable to address the grievances due to continued representation of the higher castes in the government as well as opposition to change led by the monarchy. The resistance to change by the elites and the dissatisfaction among the people regarding political parties provided a foundation for Maoist-led radicalization.

According to the GSEA Summary Report, the BCs were able to maintain approximately 60 percent presence in parliament, and *Newars* just below 10 percent,

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<sup>108</sup> Saubhagya Shah, “The Other Side of the Alcohol Economy,” in *Understanding the Maoist Movement of Nepal*, ed. Deepak Thapa (Kathmandu, Nepal: Martin Chautari, 2003), 133–34.

<sup>109</sup> K. Gautam, ed., *Human Rights Year Book-2004* (Kathmandu, Nepal: INSEC, 2004), 135.

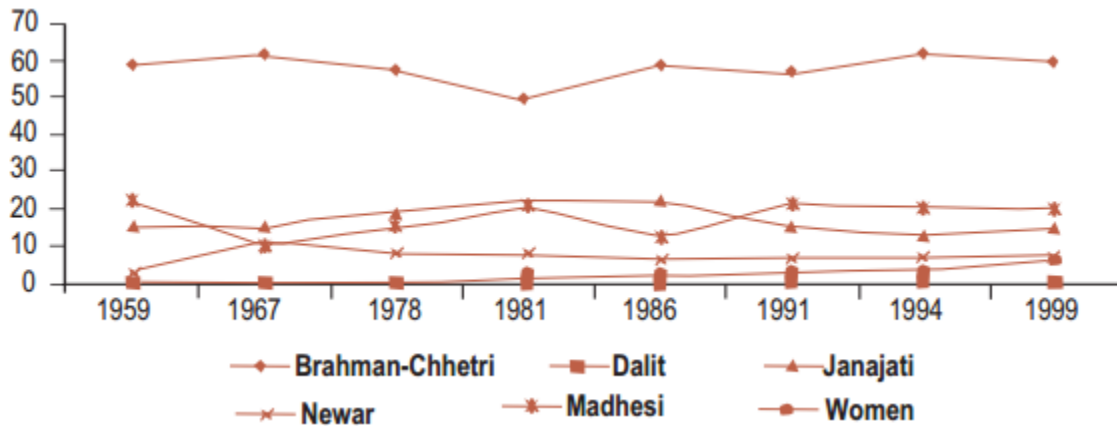
<sup>110</sup> Avidit Acharya, “The Political Economy of Violence,” in *The Maoist Insurgency in Nepal: Revolution in the Twenty First Century*, ed. Mahendra Lawoti and Anup K Pahari (New York: Routledge, 2010), 265.

<sup>111</sup> Bishnu Pathak, *Politics of People’s War and Human Right in Nepal* (Kathmandu, Nepal: BIMIPA Publications, 2005), 180.



from 1959 to 1999.<sup>112</sup> *Janajati* and *Madhesi* presence remained limited. *Dalits* and women were almost entirely absent from parliament (see Figure 4).<sup>113</sup>

Figure 4. Caste and Ethnic Gender Representation in Parliament, 1959–1999<sup>114</sup>



Their unequal representation became reflected in the party affiliations of the candidates for public office in 1999. According to data from the election held in 1999, about 75 percent of the candidates who contested were not affiliated with any of the three major political parties that were dominated by BC and *Newar* castes.<sup>115</sup> The main political parties did not field many women, *Janajatis*, or *Dalits* candidates; therefore, “these candidates either ran as *independents* or as members of small, locally-based, or special interest parties.”<sup>116</sup> Among women, 70 percent of the total candidates ran as independent or from small locally-based parties; among *Janajatis*, 80 percent of the total

<sup>112</sup> “Unique Citizens: Gender Caste and Ethnic Exclusion in Nepal – Summary,” *GSEA Summary Report*, 2006, 31.

<sup>113</sup> Ibid.

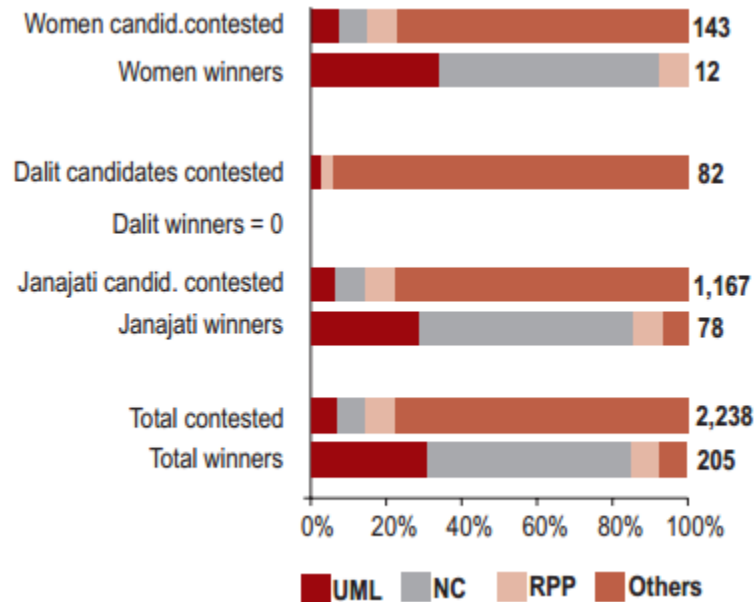
<sup>114</sup> Source: The World Bank and Department for International Development, *Unequal Citizens: Gender, Caste and Ethnic Exclusion in Nepal* (Kathmandu, Nepal: World Bank and Department for International Development, 2006), <http://sitesources.worldbank.org/EXTSOCIALDEV/Resources/3177394-1168615404141/NepalGSEASummaryReport-part1.pdf>.

<sup>115</sup> “Unique Citizens: Gender Caste and Ethnic Exclusion in Nepal – Summary,” *GSEA Summary Report*, 2006, 32.

<sup>116</sup> Ibid.

candidates; and among *Dalits*, 95 percent of the total candidates were either independent or from small locally-based parties (see Figure 5).<sup>117</sup>

Figure 5. Gender/Ethnic Composition of the Elected Members of the 1999 Parliament<sup>118</sup>



These data point to how the lower castes, ethnic minorities, and women desperately sought out representation in the national political system in order to raise their concerns. Their isolation from democratic practice coupled with persistent socio-economic grievances led to various forms of political mobilization during different periods.

Since the beginning of the democratization/modernization effort from 1951, the people have made several attempts to mobilize against the contemporary state power. These attempts become visible every two to three decades. Between 1951 and 1991,

<sup>117</sup> “Unique Citizens: Gender Caste and Ethnic Exclusion in Nepal – Summary,” *GSEA Summary Report*, 2006, 32.

<sup>118</sup> Source: The World Bank and Department for International Development, *Unequal Citizens: Gender, Caste and Ethnic Exclusion in Nepal* (Kathmandu, Nepal: World Bank and Department for International Development, 2006), <http://sitesources.worldbank.org/EXTSOCIALDEV/Resources/3177394-1168615404141/NepalGSEASummaryReport-part1.pdf>.

Nepal witnessed two important political transformations. First was the establishment of democracy in 1951 against the *Ranacracy*, an oligarchy that ruled for 104 years (1846–1951). *Ranacracy* was a single family rule that *Jung Bahadur Rana* started when he became the first prime minister from Rana family. Ramjee P. Parajulee explains it was an attempt of *Jung Bahadur* to “consolidate his power by purging hundreds of this opponents and rivals, and appointing his brothers and relatives to various key political and military posts.”<sup>119</sup> Muni argues that the oligarchy continued until 1950s. In addition to keeping the monarchs out of politics, the oligarchy exercised executive power, reducing Shah Kings to mere figureheads.<sup>120</sup> The 1951 movement was therefore against the Rana oligarchy’s resistance to establish democracy, in which King Tribhuwan himself led a movement supported by an armed movement from the Nepali Congress (NC) and the Communist Party of Nepal (CPN).<sup>121</sup> Muni further argues that the 1951 movement “laid down the foundations of a democratic polity under constitutional monarchy in Nepal; however, the armed revolts against the state did not end there.”<sup>122</sup> The hard-earned democracy relapsed to active monarch and a party-less *Panchayat* system just after a decade. In 1960, King Mahendra, son of King Tribhuwan, dismissed an elected government of the NC and the parliament, in a coup to establish direct control over polity.<sup>123</sup> In early 1960s, the NC attempted an armed struggle to force the king reverse his decision, but failed. The failure forced the NC to give up the armed struggle, but they continued the political struggle against the king-dominated *Panchayat* system until 1990.<sup>124</sup>

Just after a decade of the NC’s failed attempt, in May 1971, some radical Nepalese communists launched a Maoist concept of “people’s war” in Eastern *Tarai*

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<sup>119</sup> Ramjee P. Parajulee, *The Democratic Transition in Nepal* (Boston: Rowman and Littlefield, 2000), 32.

<sup>120</sup> Ibid.

<sup>121</sup> Muni, “Nepal: The Maoist Insurgency-Origin and Evolution,” 75.

<sup>122</sup> Ibid., 75–76.

<sup>123</sup> Ibid., 76.

<sup>124</sup> Ibid.

region, commonly known as the *Jhapali Revolt*.<sup>125</sup> The *Jhapali Revolt* faced a forceful police action and was suppressed quickly. Although being local to a particular region, the *Jhapali Revolt* sowed the seeds of a radical communist ideology in the history of Nepalese political struggle. While the revolts of 1960 and 1971 were foiled and unable to bring any significant change, it is still important to note that the period from the 1950s to the 1990s was not without struggles.

The second significant political movement was the restoration of a multi-party democratic system and a constitutional monarchy in 1991. As Lecomte-Tilouine's argument highlights, "social striations united under one flag prevailed in Nepal through the first democracy in 1950–1960."<sup>126</sup> It continued until 1991, however, when "the social upheaval under the banner of the People's Movement, successfully pressed for a multiparty government and more specifically, a new Nepalese constitution with constitutional monarchy."<sup>127</sup>

The democratic transition of 1991 was supposed to take care of the prevailing inequality. Instead, Nepalese politics became embroiled in a power-race of making and breaking the government. The whole political environment became very unstable, and frequent government changes emerged as a routine activity. Just to put things into perspective, the national government changed three times with three different prime ministers between 1991 and 1996, and again three different prime ministers headed three different governments between 1996 and 1999.<sup>128</sup> Two main factors contributed to Nepalese political instability; first, there was the inter-party conflict between the democratic, communist, and royalist parties to remain in power; and second, intra-party conflict was marked by individuals within each party who were wrangling for leadership and other decisive positions. These two factors preoccupied the political parties in resolving their own crisis while promised socio-economic reforms went ignored. Although terms such as "multiethnic" and "multilingual" were widely used, as Hangen

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<sup>125</sup> Muni, "Nepal," 76.

<sup>126</sup> Lecomte-Tilouine, *Hindu Kingship, Ethnic Revival, and Maoist Rebellion in Nepal*, 82.

<sup>127</sup> Ibid.

<sup>128</sup> Jha, *Battles of the New Republic: A Contemporary History of Nepal*, xii–xiv.

observes, the politicians only paid lip service to these ideals.<sup>129</sup> Deepak Thapa echoes Hangen and further observes that the state-sanctioned discrimination did not end with the political change of 1990. Instead, the political change aroused but failed to address the desire of people to have “radical social transformation...after 30 years of authoritarianism.”<sup>130</sup>

Among the series of political failures, the Maoist Party came forward with the 40-Point Demand to end social-economic discrimination. Important social agendas included an end to untouchability, discrimination against poor and downtrodden, and a demand for the people’s right to education in their mother tongue and equal opportunity for all linguistic groups. Similarly, the list of demands called for stopping all racial suppression and for forming autonomous governments.<sup>131</sup> There was also a demand to draft a new constitution to establish a people’s democratic system and a secular nation.<sup>132</sup> To address economic grievances, the Maoists demanded land-ownership for tenants and the homeless, to be confiscated from the control of feudal lords.<sup>133</sup> Unlike the Maoist social agenda, the Maoists’ economic demands motivated both higher and lower castes where poverty was a common factor. These demands successfully mobilized support for the insurgency, especially among the economically marginalized groups.

#### **D. CONCLUSION**

After the unification campaign started in the mid-1700s, Nepalese rulers used the Hindu caste-based system to create a monolithic state and consolidate their grip over the population integrated into the newborn state. The discriminatory caste-based system integrated lower-caste Hindus and non-Hindu *Janjatis* into the state on unequal terms, which resulted in their socio-economic disadvantages. These inequalities over time

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<sup>129</sup> Hangen, *The Rise of Ethnic Politics in Nepal: Democracy in the Margins*, 22.

<sup>130</sup> Deepak Thapa, “The Making of the Maoist Insurgency” in *Nepal in Transition: From People’s War to Fragile Peace*, ed. Sebastian von Einsiedel, David M. Malone, and Suman Pradhan (New York: Cambridge University Press, 2012), 48.

<sup>131</sup> Michael Hutt, *Himalayan People’s War: Nepal’s Maoist Rebellion* (Bloomington, IN: Indiana University Press, 2004), 285–87. (Refer to appendix for the full text of the 40-Point Demand).

<sup>132</sup> Ibid.

<sup>133</sup> Ibid.

turned into grievances. The desire to eliminate inequalities and address grievances via reforms led to political mobilization for democratization. Two significant democratization efforts were mounted in 1951 and 1991, but they were not able to meet the people's aspiration for reforms.

The third and key transformation, however, was yet to come. Against the backdrop of ongoing political instability and bad governance, the Maoist Party raised an insurgency from 1996 to 2006 to address the persistent political and socio-economic grievances. The repeated mobilization against the state after a couple of decade points out two aspects: first, the people were not satisfied with the contemporary political system; and second, none of the movements was able to deliver upon the expected democratization, which forced the people to rise against the political system repeatedly. The Maoist insurgency is the most recent example of a movement that was able to capitalize on persistent grievances. The insurgency received popular support because the population has been dissatisfied with the path of democratization in Nepal.<sup>134</sup>

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<sup>134</sup> Joanna Pfaff-Czarnecka, "High Expectations, Deep Disappointment," in *Himalayan People's War: Nepal's Maoist Rebellion*, ed. Michael Hutt (Bloomington, IN: Indiana University Press, 2004), 167.

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### **III. THE INSURGENCY, PROMISES, AND ABSENCE OF POST-CONFLICT REFORMS: SETTING FOR FUTURE INSTABILITY**

The Nepalese insurgency gained its momentum with the promises to resolve the persistent socio-economic and political grievances by overthrowing the existing political structure. Maoist-inspired armed struggle was the method of reaching its objectives. However, the insurgency was not successful in achieving its stated political objective. Instead, the insurgency ended in a political compromise, and the Maoist Party joined the political mainstream of the parliamentary system of Nepal. The irony of post-conflict Nepal has been the political instability and power struggles, which prevent proper reforms.

This chapter examines the conditions leading to the insurgency and its end, at which point the Maoists became part of the political mainstream in post-conflict Nepal. The chapter compares the socio-economic and political indicators in pre- and post-insurgency Nepal. The data comparison helps to identify the state of reforms in post-conflict Nepal. The purpose of this chapter is not simply to narrate the situation and compare pre- and post-conflict socio-economic and political conditions, but to examine the state of reforms and determine whether a gap exists between the promises made and reality.

#### **A. THE INSURGENCY**

In 1996, the Maoists put forward a 40-Point Demand prior to starting the People's War. While conducting a research on social justice and human rights among marginalized group in early 1990s, the Informal Sector Service Center (INSEC), a non-profit organization, had identified ten causes for the underdevelopment, discrimination, and inequality among the *Janjati/Ethnic* population.<sup>135</sup> All those causes were included in the 40-Point Demand put forward by the Maoist Party. According to Harka Gurung, seven of these demands were related to issues of nationalism; 13 were political; 13 related to

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<sup>135</sup> K. Gautam, ed., *Human Rights Year Book-2004*, (Kathmandu, Nepal: INSEC, 2004).



economics; and seven were socio-cultural.<sup>136</sup> Together the 40 demands were grouped under three main headings: the first nine demands were “Concerning Nationality”; then 17 demands were “Concerning People’s Democracy”; and finally 14 demands were “Concerning Livelihood.”<sup>137</sup> The issues of nationalism covered such domestic issues as the recognition of ethnic identity and language.<sup>138</sup> Political issues covered both domestic and international concerns, for example, the creation of autonomous ethnic governments, in particular ethnic majority regions; disbanding of imperial and colonial culture; sovereignty; drafting of a new constitution; management of borders; managing customs; ending international treaties made with unequal terms, and other concerns.<sup>139</sup> The economic issues asked for land reforms, employment guarantees, fixed minimum wages, and exemptions from repayment of loans for the poor. The socio-cultural issues included the transition to a secular state; ending discrimination and inequality based on religion, caste, ethnicity, class, and gender; and equal access to education, health, safe drinking water, among other factors.<sup>140</sup>

These issues effectively motivated the poor rural population, especially the lower caste *Dalits*, and *Janjatis*, to support the Maoists. The initial public support for the Maoists was due to dissatisfaction with the socio-economic conditions based on ideological inclination; however, support expanded due to the state’s repression and brutal use of force. Even so, most of the urban population did not identify with the revolutionary cause.<sup>141</sup>

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<sup>136</sup> Harka Gurung, “Social Exclusion and Maoist Insurgency,” paper presented at the National Dialogue Conference of ILO Convention 169 on Indigenous and Tribal Peoples, Kathmandu, Nepal, January 19–20, 2005.

<sup>137</sup> Hutt, *Himalayan People’s War: Nepal’s Maoist Rebellion*, 285–87. (Refer to appendix for the complete text of the Maoist’s 40-Point Demand.)

<sup>138</sup> Ibid.

<sup>139</sup> Ibid.

<sup>140</sup> Ibid.

<sup>141</sup> Ashok K. Mehta and Mahendra Lawoti, “Military Dimension of the People’s War,” in *The Maoist Insurgency in Nepal: Revolution in the Twenty-first Century*, ed. Mahendra Lawoti and Anup K. Pahari (New York: Routledge, 2010), 181–182.

## 1. Expansion of the Maoist Insurgency

The Maoists started their campaign from the remote hilly districts of the mid-western region a year prior to going underground. Acharya writes that the view of the Nepalese insurgency being born from a “combination of political and economic factors is historically undeniable.”<sup>142</sup> He further suggests that the districts in the mid-western region also had a long history of leftist activism that dated back to the campaigns of the 1950s and 1960s.<sup>143</sup> Because of its leftist inclination, the region witnessed politically motivated human rights violations commissioned by the Nepalese Congress government in 1992–1993.<sup>144</sup> Against this backdrop, the Maoists launched the “Sija” campaign (named for Sisne Peak and Jaljala Temple) in the mid-western hills in 1995, a year prior to the start of “people’s war.”<sup>145</sup>

The “Sija” campaign by the Maoists further alarmed the government, which responded by launching “*Operation Romeo*” in 1995. The operation launched by Nepal Police in the mid-western hill districts of Rolpa and Rukum resulted in the arrest of 339 suspects and produced legal actions against 172 Maoist cadres.<sup>146</sup> Although the figures remain controversial, the Maoists claimed that around 10,000 rural youths fled their homes and took shelter in remote jungles.<sup>147</sup> The Maoist Party went underground in February 1996, after submitting a charter of 40 demands to the government, and launched “people’s war” from the six districts of Rukum, Rolpa, Jajarkot, Salyan, Gorkha, and Sindhuli.<sup>148</sup> Arguably, the government’s repressive actions actually provided an impetus for the armed struggle and reduced chances of a political solution.

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<sup>142</sup> Acharya, “The Political Economy of Violence,” 267.

<sup>143</sup> Ibid.

<sup>144</sup> Ibid.

<sup>145</sup> Ibid.

<sup>146</sup> Krishna Hachhethu, “The Nepali State and the Maoist Insurgency: 1996–2001,” in *Himalayan People’s War: Nepal’s Maoist Rebellion*, ed. Michael Hutt (Bloomington, IN: Indiana University Press, 2004), 60.

<sup>147</sup> Muni, “Nepal: The Maoist Insurgency,” 82.

<sup>148</sup> Ibid., 78.

State violence indirectly helped the Maoists not only to shore up their strength, but also to project their power and enhance political control.<sup>149</sup> By 1998, the Maoists had increased their sphere of influence to 18 districts. Instead of finding a political resolve, the government again responded with police action, “Operation Kilo Sierra-II,” to the 18 Maoist-dominated districts in 1998.<sup>150</sup> Among the casualties, the innocents far outnumbered the rebels, benefiting the Maoist cause. The police excesses pushed many revenge seeking people into the rebel camp and resulted in a phenomenal increase of recruitment.<sup>151</sup> Public support increased to a point where the Maoists were able to commission a “people’s liberation army” leading to intensification of the attacks on police bases. By 2001, the people’s liberation army not only defeated the police force, but also increased its influence to 45 out of a total of 75 districts.<sup>152</sup>

## **2. The First Cease-Fire and Military Action**

The continued failure of the police force and the Maoists’ need to consolidate their gains resulted in the first cease-fire and started the peace process on July 23, 2001.<sup>153</sup> The Maoist Party utilized the cease-fire to consolidate its gain. Public support helped the Maoists to start the “people’s government,” including a judicial system, in these districts.<sup>154</sup> In September 2001, the Maoist Party formed a United People’s Revolutionary Council (UPRC) led by Babu Ram Bhattarai.<sup>155</sup> The council had 37 members, and the “people’s government” at village, district, and regional levels were constituted under the council.<sup>156</sup> In addition, the Maoists consolidated all the groups

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<sup>149</sup> Jha, *Battles of the New Republic*, 49.

<sup>150</sup> Muni, “Nepal: The Maoist Insurgency,” 82.

<sup>151</sup> Sudheer Sharma, “The Maoist Movement: An Evolutionary Perspective,” in *Himalayan People’s War: Nepal’s Maoist Rebellion*, ed. Michael Hutt (Bloomington, IN: Indiana University Press, 2004), 50.

<sup>152</sup> Ibid.

<sup>153</sup> B. C. Upreti, *Maoists in Nepal: From Insurgency to Political Mainstream* (New Delhi, India: Kalpaz Publications, 2008), 114.

<sup>154</sup> Jha, *Battles of the New Republic*, 42.

<sup>155</sup> Upreti, *Maoists in Nepal*, 63.

<sup>156</sup> Ibid.

dissatisfied with the state to form the United Front by providing sufficient space to *Janjatis*, *Dalits*, and regional identities.<sup>157</sup>

The military action came as a necessity for the government. On November 21, 2001, the Maoists withdrew from the peace talks declaring that their demand for a republic and constituent assembly election were non-negotiable.<sup>158</sup> The same day, they declared the formation of a people's government in the districts of Dang, Syangja, and Solukhumbu and threatened to attack government establishments in those places.<sup>159</sup> On November 23, 2001, the Maoists attacked an army barracks in Dang district of mid-Western Nepal. They overran the barracks and fled with a relatively large modern arsenal of weapons and ammunitions.<sup>160</sup> The attack forced the government to impose a state of emergency, declare the Maoists as terrorists, and mobilized the military. The state of emergency suspended the fundamental rights, imposed press censorship, and allowed security forces to arrest citizens without warrant and subject them to long-term preventive detention.<sup>161</sup>

Popular support and recruitment decreased after the use of military force by the state.<sup>162</sup> Although recruitment and support decreased, it still remained significant, because the military could not defeat the rebels completely. Muni argues that the Maoist operations covered more than 80 percent of all the Nepalese districts.<sup>163</sup> By 2004, the Maoists also formed nine autonomous regions along ethnic lines and formed their autonomous government with an appointed in-charge from the same ethnicity for each

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<sup>157</sup> Upreti, *Maoists in Nepal*, 63. (Refer to the appendix for a list of caste/ethnic-based frontier organizations formed by the Maoist Party by 2001.)

<sup>158</sup> Ibid., 116.

<sup>159</sup> Ibid., 116–17.

<sup>160</sup> Jha, *Battles of the New Republic*, 45.

<sup>161</sup> Ibid., 46.

<sup>162</sup> Mehta and Lawoti, "Military Dimension of People's War," 178.

<sup>163</sup> Muni, "Nepal: The Maoist Insurgency," 89.

reason.<sup>164</sup> They also expanded their support base to a large number of students and professional organizations.<sup>165</sup>

## **B. END OF THE INSURGENCY**

Despite many significant gains and losses on both sides, the conflict reached a stalemate between the military and the Maoists. Rebel forces enjoyed popular support in rural areas, but could not extend their reach to urban areas that were guarded by the military. The most significant holdout was the capital, the center of political power, and their failure in Kathmandu could not wreck the nerve of the government establishment.<sup>166</sup> Many confrontations between the army and the rebels resulted in victories and casualties on both sides. However, by 2004, the Maoists had realized the difficulty of defeating the Nepalese Army in direct confrontation and started to negotiate with the mainstream political parties to find a political solution.<sup>167</sup>

Most scholars seem to agree that the military stalemate forced the Maoist Party to exercise political flexibility, and finally led to the end of the insurgency. Muni argues that by 2002–2003, the Maoists realized that they may have reached a strategic balance with the Nepalese Army and it was “not possible for them to achieve a total victory in struggle.”<sup>168</sup> He further argues that the Maoists had already activated their political aim to explain their struggle as a genuine political struggle to the international community.

According to Muni, the royal coup of 2005 by the king greatly facilitated an alliance between the Maoists and the mainstream political parties as the royalty tried to oust the civilian leadership.<sup>169</sup> The alliance led to the 19-days-long *Jan-Aandolan – II* (People’s Movement - II or Popular Uprising - II) from April 6 to 24, 2006, ending King Gyanendra’s rule and finally eliminating the monarchy entirely less than two years

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<sup>164</sup> Upreti, *Maoists in Nepal*, 64. (Refer to the appendix for a list of Maoist declared autonomous regions and the professional organizations.)

<sup>165</sup> Ibid., 64–65. (Refer to the appendix for the list of Maoist formed professional organizations.)

<sup>166</sup> Upreti, *Maoists in Nepal*, 125.

<sup>167</sup> Mehta and Lawoti, “Military Dimension of the People’s War,” 191.

<sup>168</sup> Muni, “Nepal: The Maoist Insurgency-Origin and Evolution,” 89.

<sup>169</sup> Ibid.

later.<sup>170</sup> Mehta and Lawoti agree that the royal coup pushed the political parties to forge an alliance with the Maoists, which led to the popular uprising and the end of the King's rule in April 2006.<sup>171</sup>

The compromise between the two groups was based on the ending the monarchy as well as finding a solution to the grievances. Jha also highlights the logic behind the mainstream political parties and the Maoist alliance. He states that “the agenda for the alliance was clear—Maoists would give up violence and accept democratic and peaceful change whereas the Nepali Congress led alliance would accept a republic.”<sup>172</sup> Ali Riaz and Subho Basu also echo the point and assert that the two fundamental understandings of the alliance were: “First, giving up of violence and the accepting of a multi-party democracy by the Maoists; and second, an agreement on abolishing the monarchy and the election of a Constituent Assembly.”<sup>173</sup>

The significance of the alliance between the Maoists and the political parties has to be analyzed not only as a strategy to overthrow the monarchy, but also as an adjustment of the Maoist Party's political objective and its radical far-leftist ideology. The Maoist insurgency “was an ideological and political offensive against the contemporary political system of the country.”<sup>174</sup> But because the insurgency was not able to overthrow the parliamentary system, which the Maoists had branded as semi-feudalistic while starting the insurgency, the insurgents had to join the parliamentary system, and with it the legacy of political instability and power struggles.

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<sup>170</sup> Muni, “Nepal,” 90.

<sup>171</sup> Mehta and Lawoti, “Military Dimension of the People's War,” 192.

<sup>172</sup> Jha, *Battles of the New Republic*, 65.

<sup>173</sup> Ali Riaz and Subho Basu, *Paradise Lost: State Failure in Nepal* (New York: Lexington Books, 2007), 160.

<sup>174</sup> Hachhethu, “The Nepali State and the Maoist Insurgency,” 59.

### C. POST-CONFLICT REALITIES

After joining the political mainstream, United Communist Party of Nepal (Maoist), UCPN (M), emerged as the largest political bloc in the first CA elections held in April 2008.<sup>175</sup> By and large, the Maoists' victory was attributed to their promises of socio-economic and political change. However, current analysis of the changes illustrates that while there have been some significant changes, the long-awaited reforms are yet to happen.

In pre-insurgency Nepal, the persistent socio-economic and political grievances (Dependent Variable, DV) were due to the caste-based system (Independent Variable, IV), which was confirmed by and embedded into the unitary Hindu kingdom and monarchy. The popular aspirations of the people that were reflected in the insurgency, and included in the Maoist Party's 40-Point Demand, sought to remove these IVs. A tabulated depiction of the IVs and DVs of pre- and post-conflict Nepal is shown in Table 1.

Table 1. Tabulated Depiction of the IVs and DVs of Pre- and Post-conflict Nepal

| <u>Pre-conflict Nepal</u>   |   |
|---|---|
| <b>Independent Variable (IV)</b>  | <b>Dependent Variable (DV)</b>  |
| Caste based Hindu religion + Unitary Hindu Kingdom and monarchy confirmed by the national constitution      | = Persistent socio-economic and political grievances.   |
| <u>Post-conflict Nepal</u>  |   |
| Secular republic + Federal state + Inclusive constitution based on equality ( <b>popular aspirations</b> ). | = Stable state heading towards development and prosperity through reforms addressing grievances ( <b>reality</b> ). |

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<sup>175</sup> Lawoti, "Bullets, Ballots, and Bounty: Maoist Electoral Victory in Nepal," 287.

Post-conflict Nepal was successful in achieving a change in these IVs between the period of 2006 to 2015. Then, theoretically, Nepal should have introduced successful reforms to address pre-conflict grievances and should be heading towards development and prosperity. To determine the state of development and prosperity, it is essential to determine whether a gap exists somewhere between aspiration and reality. The following section examines where the changes promised have been implemented. Does the new constitution address the grievances surrounding caste and language as they were considered the root of discrimination? Also, a comparison of data for various indicators of social, economic, and political fields during the decade of insurgency and post-conflict Nepal is presented to determine the state of reform. The data compared covers the period of November 1996 to November 2006, and the post-conflict period from December 2006 to December 2016.

## **1. Comparison of Social Indicators during Conflict and Post-conflict Nepal**

In the post-conflict Nepal, people thought that the new Constitution and the federalism were the two important factors to start the social reforms and address the persistent grievances. To identify the state of social reforms, a comparison between pre and post-insurgency is required from the standpoint of religion and constitution, and the nationality and language.

### ***a. Religion and Constitution: From Hindu Kingdom to Secular Republic***

While considering the pre-conflict period from a constitutional perspective, it is important to study the constitution of 1990 because it was the latest one when the insurgency started. The 1990 Constitution was democratic and monumental in comparison to the previous Constitution of 1962 that allowed the monarch to retain full power. In 1990, for the first time sovereignty was transferred from the king to the people. The four fundamental provisions of 1990 Constitution were: “sovereignty inherent in the



people, constitutional monarchy, democracy, and safeguarding and strengthening of the national territorial integrity and unity.”<sup>176</sup>

Although it was a democratic constitution, it had some controversial elements; the preamble stated that the four fundamental provisions could not be changed. If the people were sovereign, how the people could not change the constitution remained a controversy.<sup>177</sup> The country still remained a Hindu Kingdom with a constitutional monarchy. Therefore, the Maoists demanded to resolve these issues before starting the insurgency as they felt that it retained its caste structure due to that element. In their 40-Point Demand, Number 10 stated “a new constitution should be drafted by representatives elected for the establishment of a people’s democratic system.”<sup>178</sup> Number 11 demanded the abolishment of all special privileges of the king and royal families; Number 18 demanded Nepal be a secular state; Numbers 19, 20, and 21 demanded an end to patriarchal exploitation, discrimination against women, racial discrimination, and discrimination against the downtrodden and poor.<sup>179</sup> An aspiration to change these persistent grievances motivated many people to join the insurgency, showing the support for the removal of certain elements of the 1990 Constitution.

The post-conflict leadership was successful in achieving almost all of these issues. The Parliament in May 2006 clipped royal privileges, abolished untouchability, and declared Nepal a secular state.<sup>180</sup> On May 28, 2008, the first sitting of the newly elected CA abolished the monarchy and decided that Nepal would have a Federal Democratic Republican Constitution.<sup>181</sup> Although it took two CA elections and almost seven years to produce a ratified constitution, the President of Nepal officially promulgated the new

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<sup>176</sup> Bishnu Raj Upreti, *Political Change and Challenges of Nepal, Volume 2* (Saarbrücken, Germany: LAP LAMBERT Academic Publishing, 2010), 37.

<sup>177</sup> Ibid., 14.

<sup>178</sup> Hutt, *Himalayan People’s War: Nepal’s Maoist Rebellion*, 285–87. (Refer to the appendix for details of the 40-Point Demand.)

<sup>179</sup> Ibid.

<sup>180</sup> Jha, *Battle of the New Republic*, xv.

<sup>181</sup> Ibid., xvi.

constitution made by the people's representatives on September 20, 2015.<sup>182</sup> The new Constitution declared Nepal as a Federal Democratic Republic. It embraced the principals of republicanism, federalism, secularism, and inclusiveness. It also provided a "long list of fundamental rights, including economic, social and cultural rights."<sup>183</sup> The points pertaining to social discrimination from the 40-Point Demand, as described in the previous paragraph, were all met. The Constitution of 2015 was able to meet the aspirations of the people and no legal gap existed between the aspirations of the people and the new reality of post-conflict Nepal.

However, the success of these rights greatly depends upon the effective implementation of the new laws guaranteeing these rights. As the GSEA Summary Report points out, "The deep rooted values and discriminatory attitude often lead to poor implementation of law. The challenges, therefore, are not only amending laws but also changing the mindset of people, and formal and informal institutional mechanisms that perpetuate discrimination."<sup>184</sup> The effectiveness of these achievements is tested by that comparison of data related to subsequent indicators under the following headings of social, economic, and political factors.

#### ***b. Nationality and Language vis-à-vis the Federal Structure***

There are two issues of discrimination and social grievances in Nepal. The first issue is about self-governance, having autonomous regions based on ethnic lines. The second issue is about discrimination due to the national language policy that has declared Nepali as the official national language. Nepali is not the mother tongue of a large number of people, especially *Janjatis*, most of whom have their own native language. The Maoist insurgency capitalized on these issues and included them in the 40-Point Demand before starting the insurgency. Demand Number 20 stated, "All racial

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<sup>182</sup> "Constitution of Nepal 2015 Promulgated," *Kathmandu Post*, September 20, 2015, <http://kathmandupost.ekantipur.com/news/2015-09-20/people-celebrate-constitution-promulgation-in-photos.html>.

<sup>183</sup> Hari Phuyal, "Nepal's New Constitution: 65 Years in the Making," *Diplomat*, September 18, 2015, <http://thediplomat.com/2015/09/nepals-new-constitution-65-years-in-the-making/>.

<sup>184</sup> "Unique Citizens: Gender Caste and Ethnic Exclusion in Nepal – Summary," *GSEA Summary Report*, 2006, 41.

exploitation and suppression should be stopped. Where ethnic communities are in majority, they should be allowed to form their own autonomous governments.”<sup>185</sup> Similarly, Number 22 stated, “All languages and dialects should be given equal opportunities to prosper; the right to education in the mother tongue up to higher levels should be guaranteed.”<sup>186</sup> The issue of education in the mother tongue up to a higher level is stalled due to lack of resources and investment.<sup>187</sup> Therefore, Demand Number 22 has not been realized yet and stands out as a gap between an aspiration and a reality.

The case of autonomous governments presents a different case. During the insurgency, the Maoists formed autonomous regions based on ethnicity and languages, appointed leaders from the same ethnic groups governing those regions, and ran a parallel government to settle local land and property disputes. They also were able to ban alcohol and gambling, which measures garnered public support as they helped reduce domestic violence.<sup>188</sup> By 2004, there were nine autonomous regions.<sup>189</sup>

Based on the practice of ethnic autonomous region during the insurgency, one of the important reform that people expected from the Maoists in parliament was an autonomous federal structure. Unfortunately, the issue of the federal structure became the main point of contention among the major political parties, and it delayed the process of writing a new constitution. There were three issues on which the main parties could not reach a consensus regarding the restructuring of the federal government: first, the number of provinces; second, the geographical boundaries of the provinces; and third, the names of the provinces.

There were a couple of reasons behind the main parties’ failure to reach a consensus on the issue of federal structuring of the government. First was the mixed

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<sup>185</sup> Hutt, *Himalayan People’s War*, 285–287.

<sup>186</sup> Ibid.

<sup>187</sup> UK Essays, “Ethnic Conflicts and Insurgency of Nepal: Political Essay,” March 23, 2015, [https://www.ukessays.com/essays/politics/ethnic-conflicts-and-insurgency-of-nepal-politics-essay.php?splitessay=1&utm\\_expid=309629-38.\\_Nb6m1ixT\\_aGX1K3CVQTDw.1&utm\\_referrer=httpspercent3Apercent2Fpercent2Fwww.myprivatesearch.compercent2FC](https://www.ukessays.com/essays/politics/ethnic-conflicts-and-insurgency-of-nepal-politics-essay.php?splitessay=1&utm_expid=309629-38._Nb6m1ixT_aGX1K3CVQTDw.1&utm_referrer=httpspercent3Apercent2Fpercent2Fwww.myprivatesearch.compercent2FC).

<sup>188</sup> Shah, “The Other Side of the Alcohol Economy,” 133.

<sup>189</sup> Upreti, *Maoists in Nepal*, 64. (Refer to the appendix for a list of autonomous regions.)

settlements; the coexisting communities all over the country prevented any provinces with a simple majority of any ethnicity/caste/community.<sup>190</sup> Generally the traditional parliamentary parties like the Nepali Congress (NC) and the Communist Party of Nepal (United Marxist Leninist, UML) or CPN (UML) supported this idea and backed for fewer provinces. In October 2014, the NC proposed a six- and seven-province model of federalism, and claimed the model as “the best balance between identity and capability, and population and geography.”<sup>191</sup> CPN (UML) had been divided from the beginning on the definition of a single ethnic identity and multi-ethnic identity of the people of Nepal. In 2009, UML submitted a 15-province model based on single identity states, but reversed its decision by 2012. The party could not manage the difference within the party central committee over single and multi-ethnic identity.<sup>192</sup> UML tried to resolve the controversial identity issue and proposed the seven-province model on June 17, 2012.<sup>193</sup> Unfortunately, the decision could not satisfy the group debating for single identity based federalism, and around a dozen *Janjati* leaders quit the party.<sup>194</sup>

Second was the issue of resources distribution and identity, which supported the ideal of increasing the number of provinces within Nepal. If there were greater numbers of provinces in Nepal, the provincial government could reach a greater number of the population within those provinces. This would help consolidate democracy by improving socio-economic condition, and would empower the rural population. Maoist and indigenous people, including the Madhesi parties, were in favor of increasing the number of provinces. During the insurgency, the Maoist Party established nine autonomous regions based on ethnicity and geography. By the 2008 CA Election, their election

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<sup>190</sup> Thira L. Bhusal and Kosh Raj Koirala, “The CA Can Reject the 14-Province Model and Come Up with the New One,” *My Republica*, January 28, 2010, 5, <http://e.myrepublica.com/2014/component/flippingbook/book/66-republica-28-jan-2010/1-republica.html>.

<sup>191</sup> Anil Giri, “6-7 States Official NC Position: Party to Table Proposal at the Upcoming Meeting of Political Dialogue and Consensus Committee,” *Kathmandu Post*, October 12, 2014, <http://kathmandupost.ekantipur.com/news/2014-10-12/6-7-states-official-nc-position.html>.

<sup>192</sup> International Crisis Group, *Nepal’s Constitution (II): The Expanding Political Matrix* (Asia Report No. 234), (New York: ICG, August 27, 2012), 19.

<sup>193</sup> Thira Bhusal, “CPN UML Stands against Ethnicity-Based Federalism,” *My Republica*, June 18, 2012, <http://e.myrepublica.com/2014/component/flippingbook/book/918-republica-18-june-2012/1-republica.html>.

<sup>194</sup> Ibid.

manifesto proposed 11 autonomous regions, and by September 2009 they proposed 13 autonomous provinces and 4 centrally administered geographic regions.<sup>195</sup> The party's indecisiveness on the number of provinces and constantly changing stance from the previously promised nine provinces and its geo-ethnic distribution decreased their popularity among the populace.

The stalemate on the number of provinces and the federal structure led to the collapse of first CA and failure to draft the constitution meeting people's aspiration. The Maoist Party suffered the people's wrath in 2013 when it failed to deliver on the promises it had made before the insurgency. It resulted in the humiliating defeat of the Maoist Party in the 2013 Election. The results of that election reduced the Maoist Party to third position in the Legislature Parliament of Nepal. As the BBC reported, the Maoist Party that waged a decade-long insurgency with promises to bring changes failed to "strike a chord with ordinary people across the country; the words of Maoist leaders have not matched their actions."<sup>196</sup>

The Nepalese constitution was finally promulgated on September 20, 2015, under the government led by the NC, supported by the UML and the Maoist Party.<sup>197</sup> Under the constitution, Nepalese federal structure saw the country divided into seven provinces. The new constitution addressed the provinces by number from one to seven. The NC, UML, and the Maoist Party were in consensus, but the Madhesi parties and indigenous Tharu population did not agree.<sup>198</sup> It has been just over a year, and the Maoist-led government in November 2016 proposed to amend the constitution to carve out a new

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<sup>195</sup> Tilak Pathak, "Party Concepts on State Restructuring," *Alliance for Social Dialogue* (October 6, 2010): 1–2, <http://asd.org.np/nepal-in-transition/constitution/constitutionmaking/party-concepts-state-restructuring/>.

<sup>196</sup> BBC World, "Nepal's Maoists Digest Impending Electoral Wipe-out," BBC News, November 21, 2013, <http://www.bbc.com/news/world-asia-25034461>.

<sup>197</sup> Ministry of Foreign Affairs, "Press Release on Promulgation of Constitution," October 23, 2015, <https://www.mofa.gov.np/press-release-on-promulgation-of-constitution/>.

<sup>198</sup> Hari Phuyal, "Nepal's New Constitution: 65 Years in the Making," *Diplomat*, September 18, 2015), <http://thediplomat.com/2015/09/nepals-new-constitution-65-years-in-the-making/>.

state in southern Nepal to address the concern of the Madhesi population.<sup>199</sup> A violent protest in various districts of western and mid-western regions has already started opposing the government decision.<sup>200</sup>

## **2. Comparison of Economic Indicators between Pre- and Post-conflict Nepal**

The issue of economic disparity and poverty has been another persistent grievance of Nepalese society. As discussed previously, if the laws and clauses based on the new Constitution of 2015 have been able to implement reforms, then the comparison of economic indicators between pre- and post-conflict Nepal should be able to show these facts. To identify the change in the post-conflict situation, we must examine the indicators like GDP per capita, GDP growth rates, poverty, land reforms, employment, migration etc.

The conflict went on from 1996 to 2006, and the post-conflict period has been from 2007 to 2016. To compare the data and trend, it is better to consider a period during the conflict: the beginning, the middle, or the end. Where it is applicable, and based on the availability of data, the years of 1996, 2001, and 2006 are used for the conflict period, and the years of 2007, 2011, and 2015/16 are used for the post-conflict period.

### ***a. GDP per Capita, Growth Rate, and Purchasing Power Parity***

According to the World Bank National Account Data Files, Nepalese GDP was USD 4.522 billion in 1996, 6.007 billion in 2001, and 9.044 billion in 2006.<sup>201</sup> The GDP increased by about 2 billion in the first five years, and by about 3 billion in the last five years of the conflict. In the post-conflict situation, Nepalese GDP was USD 10.326

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<sup>199</sup> Binaj Gurubacharya, "Nepal Proposes Constitution Amendment to Meet Ethnic Demand," *Washington Post*, November 30, 2016), [https://www.washingtonpost.com/world/asia\\_pacific/nepal-proposes-constitution-amendment-to-meet-ethnic-demands/2016/11/29/413da3d2-b6b7-11e6-939c-91749443c5e5\\_story.html?utm\\_term=.1354b4daac3c](https://www.washingtonpost.com/world/asia_pacific/nepal-proposes-constitution-amendment-to-meet-ethnic-demands/2016/11/29/413da3d2-b6b7-11e6-939c-91749443c5e5_story.html?utm_term=.1354b4daac3c).

<sup>200</sup> "Protests, Clashes in Province 5 Districts over Demarcation," *My Republica*, December 17, 2016, <http://www.myrepublica.com/news/11289>.

<sup>201</sup> "National Account Data," World Bank, accessed December 23, 2016, <http://data.worldbank.org/indicator/NY.GDP.MKTP.CD?locations=NP>.

billion in 2007, 18.85 billion in 2011, and 21.195 billion in 2015.<sup>202</sup> The GDP increased by almost USD 8 billion in the first four years, whereas it increased by less than USD 3 billion in the last four years. The increase in the first four years may be related to the long held dream of peace and stability. However, the political instability and inter-party conflict gradually decreased the optimism and with it the economic growth. Reality slowly set in and the frustration of the people caught up in the last four years. The growth in GDP during those last four years was even lower than that of the last five years of the war because of the futility of the reform effort, and a gap between the aspiration and realities of making progress with a new and complicated government.

Similarly, in the same period, according to the World Bank National Account Data Files, the Nepalese annual GDP per capita growth rate was 2.868 percent in 1996, 3.06 percent in 2001, and 2.213 percent in 2006.<sup>203</sup> The difference was less than 1 percent positive in the first five years, and was less than 1 percent negative in the last five years of conflict. In the post-conflict situation, Nepalese GDP was 2.343 percent in 2007, 2.268 percent in 2011, and 1.504 percent in 2015.<sup>204</sup> So the annual GDP per capita growth rate has shown a constant downward trend in the post-conflict period.

Another relevant thing to examine is the GDP per capita purchasing power parity (PPP). The PPP of Nepal was USD 1,032.559 thousand in 1996, USD 1,286.473 thousand in 2001, and USD 1,588.265 thousand in 2006.<sup>205</sup> The PPP increased by more than USD 200 thousand in the first five years, and almost the similar amount in the last five years. In the post-conflict period, the GDP per capita PPP of Nepal was USD 1,668.74 thousand in 2007, USD 2042.141 thousand in 2011, and USD 2462.075 thousand in 2015.<sup>206</sup> The PPP increased by almost USD 400 thousand in the first four years, and little more than USD 400 thousand in the last four years. The PPP almost doubled in the post-conflict period as compared to during the conflict period. The

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<sup>202</sup> “National Account Data,” World Bank.

<sup>203</sup> Ibid.

<sup>204</sup> “National Account Data,” World Bank, accessed December 23, 2016, <http://data.worldbank.org/indicator/NY.GDP.MKTP.CD?locations=NP>.

<sup>205</sup> Ibid.

<sup>206</sup> Ibid.

difference is constant between the pre- and post-conflict periods. Although it is a positive trend, it does not look very promising for the post-conflict period. The credit goes more to remittances than to reforms for the increase in PPP. I will discuss this later during the issue of migration of labor to foreign countries and the contribution of remittance. In other words, the government failed to provide the employment and better economic opportunities. To provide better for their families, the young labor force needed to migrate abroad in search of employment opportunities.

***b. Land Reforms and Access to Land***

Agriculture is the major contributor to the Nepalese economy. In 1996, the contribution of agriculture value added (percent of GDP) was 41.5 percent, and it was 33.0 percent in 2015.<sup>207</sup> So the agricultural sector covers one third of the national GDP even today. For the rural population, land is the prime issue and a very small percentage of rich Nepalese control the majority of the arable land in Nepal. This disparity prompted the Maoists' Demand Number 27, which stated, "Land should belong to the tenants. Land under the control of the feudal landlords should be confiscated and distributed to the landless and the homeless."<sup>208</sup> The Maoists were able to implement these reforms in the land they controlled during the insurgency where the tiller's right was established by capturing land belonging to "feudal" landlords to run communes.<sup>209</sup> In Maoist stronghold districts, several Village People's Committees of the Maoist People's Government even issued land registration papers and collected taxes as well.<sup>210</sup> These practices made the landless believe the Maoist slogans like "The land should belong to the tiller," and raised their hopes for their own land to farm.

Distribution of farm land has been highly uneven in Nepal. Sudheer Sharma refers to the 1993 data from Central Bureau of Statistics, and states that "the bottom 44 percent of the household operates only 14 percent of the total agricultural land area, whereas the

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<sup>207</sup> "Data Bank: World Development Indicators," World Bank, accessed December 23, 2016, <http://databank.worldbank.org/data/reports.aspx?source=world-development-indicators>.

<sup>208</sup> Hutt, *Himalayan People's War*, 285–287.

<sup>209</sup> Sharma, "The Maoist Movement," 46.

<sup>210</sup> Ibid.



top 5 percent occupy 27 percent.”<sup>211</sup> He further shows that the “concentration index for the agricultural land is 0.54, reflecting highly uneven distribution of the farm land.”<sup>212</sup> No data on land holding was found for the period after 2006, which makes it hard to compare the land ownership status in the pre- and post- insurgency periods. Lawoti’s argument made in 2014 helps to put things into perspective when he states that, “Maoists ... unable to push through reforms ... gave up some earlier gains ... [and] landlords got back land that had been seized for distribution among the poor.”<sup>213</sup> In light of this argument, it is safe to assume that the re-distribution of land has not happened. The landowners with large land holdings may have sold some land in the post-conflict period, but it has not gone to the poor and the gap between landowner and landless is still huge today.

With the absence of land ownership data, the status of the income gap between the rich and the poor provides some indicators as to whether income distribution has improved in the post-conflict period. Although the World Bank does not have data available for all of the years, some available data is able to paint a picture. The income share held by the highest 20 percent was 43.7 in 1995, and 51.2 in 2003; while the same for lowest 20 percent was 7.8 in 1995, and 6.5 in 2003.<sup>214</sup> The trend shows that the gap was in ascending order during the insurgency, which means the share of wealth to the rich was increasing and decreasing for the poor.

The only data available from 2003 to 2016 is for the year of 2010. In 2010, the income shared by the highest 20 percent was 41.5, while the lowest 20 percent was 8.3. A comparison during the decade of insurgency and the post-insurgency, the reduced gap shows a minimal increase in the share of lowest 20 percent. However, a large gulf in income distribution between the top and lowest 20 percent points to the fact that the situation has not improved in the post-conflict period.

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<sup>211</sup> Sharma, “Land Tenure and Poverty in Nepal,” 1.

<sup>212</sup> Ibid.

<sup>213</sup> Lawoti, “Reform and Resistance in Nepal,” 135.

<sup>214</sup> “Data Bank: World Development Indicators,” World Bank, accessed December 23, 2016, <http://databank.worldbank.org/data/reports.aspx?source=world-development-indicators>.

*c. Industrialization and Employment*

Nepal has an agriculture-based economy, but it has some industries that generate employment for urban labor forces. Industries are essential for poverty reduction. Maoists captured the sentiment in their 40-Point Demand. Number 28 of the demand list states that “the property of middlemen and comprador capitalists should be confiscated and nationalized. Capital lying unproductive should be invested to promote industrialization.”<sup>215</sup> Similarly, demand Number 29 speaks for employment for all, and Number 38 demands the protection and promotion of domestic industries.<sup>216</sup>

According to the World Bank, the days required to start a business in Nepal was 31 days for the years 2003 to 2006.<sup>217</sup> (No data is available for the period before 2003.) In 2007, it was still 31 days, but was reduced to 29 days in 2011, and to 17 days in 2015.<sup>218</sup> The comparison indicates that the number of days required to start a business was reduced almost by half by 2015. Theoretically, industrialization should have increased in that case, but the data proves otherwise.

The industry value added (percent of GDP) was 22.9 percent in 1996, 17.8 percent in 2001, and 17.2 percent in 2006.<sup>219</sup> The insurgency was responsible for the decline of the national economy between 1996 and 2006. In the post-conflict situation, the industry value added (percent of GDP) became 17.1 percent in 2007, 15.4 percent in 2011, and remained at 15.4 percent in 2015.<sup>220</sup> Similarly, the value added by the manufacturing sector to GDP was 9.62 percent in 1996, 9.29 percent in 2001, and 7.83 percent in 2006; but the same was 7.72 percent in 2007, 6.45 percent in 2011, and 6.51 percent in 2015.<sup>221</sup> In both cases, the contribution not only decreased during the post-

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<sup>215</sup> Hutt, *Himalayan People's War*, 285–287.

<sup>216</sup> Ibid.

<sup>217</sup> “Data Bank: World Development Indicators,” World Bank, accessed December 23, 2016, <http://databank.worldbank.org/data/reports.aspx?source=world-development-indicators>.

<sup>218</sup> Ibid.

<sup>219</sup> Ibid.

<sup>220</sup> Ibid.

<sup>221</sup> “Nepal: Share of Manufacturing,” The Global Economy.com, accessed December 25, 2016, [http://www.theglobaleconomy.com/Nepal/Share\\_of\\_manufacturing/](http://www.theglobaleconomy.com/Nepal/Share_of_manufacturing/).

conflict situation, but it was even lower than that of the period at the beginning and during the insurgency.

Similarly, foreign direct investment (FDI) in Nepal was about USD 19.1 million in 1996, about USD 20.8 million in 2001, and about USD 2.4 million in 2005.<sup>222</sup> The investment continued and actually grew in 2001, but then started to reduce. The insurgency observed two cease-fires by 2001, a state of National Emergency was declared only after 2001 when the military was involved. The conflict turned more violent after 2001. These may be the reasons for the decrease in FDI after 2001, but the situation should have improved after 2006 if the violence was the only cause for the decline in FDI. The FDI was about USD 5.7 million in 2007, about USD 94.02 million in 2011, and about USD 51.8 million in 2015.<sup>223</sup> The amount of FDI in post-conflict situation actually increased beyond what it had been in the insurgency period, but if we consider the trend, it started to reduce after the first four years of peace. The initial enthusiasm due to the Comprehensive Peace Agreement must have contributed to the initial increase until 2011. However, the reduction in FDI after 2011 points toward the futility of matching words with actions.

Finally, there is the question of employment between the beginning and during the insurgency to the post-insurgency situation. The unemployment rate was at its highest in 1996 reaching 4.5 percent, was 3.5 percent in 2001, and 2.3 percent in 2006.<sup>224</sup> In the post-conflict situation, it was still 2.3 percent in 2007, increased to 2.7 percent in 2011, and remained constant at 2.7 percent until 2014. Although the unemployment rate was high at the beginning and for the first five years of the insurgency, it started to recover after that. By contrast, the unemployment rate increased in the post-conflict situation, although it should have decreased after the peace process.

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<sup>222</sup> "National Account Data," World Bank, accessed December 23, 2016.  
<http://data.worldbank.org/indicator/NY.GDP.PCAP.PP.CD?contextual=default&locations=NP>.

<sup>223</sup> Ibid.

<sup>224</sup> "Nepal: Share of Manufacturing," The Global Economy.com, accessed December 25, 2016,  
[http://www.theglobaleconomy.com/Nepal/Share\\_of\\_manufacturing/](http://www.theglobaleconomy.com/Nepal/Share_of_manufacturing/).

*d. Labor and Migration of Labor to Foreign Countries*

In a developing country with a weak economy, the issue of labor and wages is very significant for political mobilization. The Maoist Party paid attention to this issue before starting the insurgency and included it in the 40-Point Demand. Number 30 demanded that, “a minimum wage for the workers in industries, agriculture, and so on should be fixed and strictly implemented.”<sup>225</sup> Number 36 demanded a check in the inflation and an increase in wages in proportion to inflation. A data comparison in these issues can determine whether these aspirations were met in post-conflict Nepal, or whether a gap still exists between the aspirations of the people and reality.

The total Nepalese labor force was about 10.9 million in 1996, 12.2 million in 2001, and 12.9 million in 2006.<sup>226</sup> In post-conflict Nepal, the total labor force increased to 13.4 million in 2007, 14.4 million in 2011, and reached 15.2 million by 2013.<sup>227</sup> If we compare the two periods, the labor force increased by around 1 million between 1996 to 2006, whereas it increased by almost 2 million between 2007 to 2013. Although the World Bank data is absent after 2013, the number must have gone up in last three years due to increased population. Thus, it is safe to assume that the increase in the labor force almost doubled in the post-conflict decade.

On the other hand, the labor participation rate, which is the economically active percentage of population above the age of 15, indicates a decline during the post-conflict era. The labor participation rate was at 85.6 percent in 1996, reached the highest mark of 86.2 percent in 1999, started reducing and reached 85.6 percent in 2001, and reached 84.3 percent in 2006.<sup>228</sup> The descending trend continued in the post-conflict period. The rate was 84 percent in 2007, 83.4 percent in 2011, and came to 83.2 percent in 2014.<sup>229</sup>

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<sup>225</sup> Hutt, *Himalayan People's War: Nepal's Maoist Rebellion*, 285–287.

<sup>226</sup> “Data Bank: World Development Indicators,” World Bank, accessed December 25, 2016. <http://databank.worldbank.org/data/reports.aspx?source=world-development-indicators>.

<sup>227</sup> Ibid.

<sup>228</sup> “Nepal: Labor Force Participation,” The Global Economy.com, accessed December 25, 2016, [http://www.theglobaleconomy.com/Nepal/Labor\\_force\\_participation/](http://www.theglobaleconomy.com/Nepal/Labor_force_participation/).

<sup>229</sup> Ibid.

The “consumer price index reflects changes in the cost to the average consumer of acquiring a basket of goods and services.”<sup>230</sup> It was 42.3 in 1996, 55.4 in 2001, and 70.9 in 2006.<sup>231</sup> Similarly, it was 74.9 in 2007, 109.3 in 2011, and reached 141.3 in 2014.<sup>232</sup> It shows that the cost of average goods and services increased by almost double between 2006 and 2014. So the question arises, why is the labor participation rate in descending order while the cost of consumer goods, the total size of labor forces, and the unemployment rate are increasing? How is the population surviving in post-conflict Nepal?

One way to answer this question is in terms of the migration of the available labor force to other countries and the remittance import. The data prior to 2006 are very sketchy on migrating labor. In the year 2006–07 only, 204,433 labor permits were issued by the Ministry of Labor and Employment.<sup>233</sup> In 2008–09, the number was 219,965; 384,665 in 2011–12, and 521,187 in 2013–14.<sup>234</sup>

Half a million laborers migrating to another country to find a job in one year is a serious concern in a country with a domestic labor pool of around 16 million (2013 World Bank Data). It also provides an answer to the question of why the labor participation rate is descending despite the rise in unemployment rate and consumer price index. The remittance numbers complement this fact. Remittances totaled just USD 44.16 million in 1996 and slowly started to rise after that.<sup>235</sup> The beginning of insurgency may be one of the causes. The trend takes a sharp hike from 2002, because the conflict became

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<sup>230</sup> “Data Bank: World Development Indicators,” World Bank, accessed December 25, 2016, <http://databank.worldbank.org/data/reports.aspx?source=world-development-indicators>.

<sup>231</sup> Ibid.

<sup>232</sup> Ibid.

<sup>233</sup> Nawaraj S. Paudel, *Migration Trend and Remittance Inflow: The Experience of Nepal*, (Kathmandu, Nepal: Tribhuvan University, 2012), 6, accessed December 25, 2016, [http://www.academia.edu/5332576/MIGRATION\\_TREND\\_AND\\_REMITTANCE\\_INFLOW\\_THE\\_EXPERIENCE\\_OF\\_NEPAL](http://www.academia.edu/5332576/MIGRATION_TREND_AND_REMITTANCE_INFLOW_THE_EXPERIENCE_OF_NEPAL).

<sup>234</sup> Ministry of Labor and Employment, *Labor Migration for Employment: A Status Report for Nepal 2013/14* (Kathmandu, Nepal: International Labor Organization, 2013/14), 19, accessed December 25, 2016, [http://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/---ilo-kathmandu/documents/publication/wcms\\_312137.pdf](http://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/---ilo-kathmandu/documents/publication/wcms_312137.pdf).

<sup>235</sup> “Nepal: Remittances,” The Global Economy.com, accessed December 25, 2016, <http://www.theglobaleconomy.com/Nepal/Remittances/>.

violent and picked up fast after the declaration of emergency in 2001. People started to leave the country to escape the conflict after 2001, which caused the sharp rise in remittances from 2002. Remittances reached USD 655.03 million in 2002, and they totaled USD 1,373.29 million by 2006.<sup>236</sup> The trend kept going up in the post-conflict period—up to USD 1647.15 million in 2007, to 4010.46 million in 2011, and reached 5562.45 million by 2014.<sup>237</sup> The trend is also confirmed by the personal remittance received (percent of GDP). It was 1 percent of the GDP in 1996, 2.4 percent in 2001, 11.2 percent in 2002, and 16.1 percent in 2006.<sup>238</sup> The same rise to 16.8 percent in 2007, 22.4 percent in 2011, and was 31.8 percent by 2015, i.e., almost one third of the total GDP.<sup>239</sup>

All these facts illustrate that the economic situation has not improved inside post-conflict Nepal. There is a huge gap between the promises made at the beginning of the insurgency and the realities in post-conflict Nepal. Instead, one can argue that the economy has worsened after the insurgency. It also shows that the reforms have not improved the economic situation. The people have found a temporary solution by leaving the country to seek jobs abroad, and the remittance received is keeping the national economy afloat. The economic grievances of Nepalese society still persist.

### **3. Comparison of Political Indicators between Pre- and Post-conflict Nepal**

The important political grievances in pre-conflict Nepal are mainly centered on semi-feudalistic and semi-colonial nature of the state. The monarchy still existed, and the central nature of the government ignored the agenda of the poor. A large gap existed between rich and poor, rural and urban centers, and discriminatory international treaties still existed. Although the people's representatives headed the government, they were engaged in a power struggle to re-make the government. The representatives of the government were unable to ensure rule of law, development, and the end of

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<sup>236</sup> "Nepal: Remittances," The Global Economy.com.

<sup>237</sup> Ibid.

<sup>238</sup> "Data Bank: World Development Indicators," World Bank, accessed December 25, 2016, <http://databank.worldbank.org/data/reports.aspx?source=world-development-indicators>.

<sup>239</sup> Ibid.

discriminatory international treaties. As described in the previous chapter, various political mobilization efforts took place to end those political grievances. However, post-mobilization politics could not escape the legacy of the pre-mobilization power struggle, and the required reforms never happened. The Maoist insurgency raised these issues before starting the insurgency, but we must consider whether those grievances were addressed after insurgency? A comparison between pre- and post-insurgency conditions is required to determine whether these grievances have been addressed or a gap still exists between the words and deeds.

*a. Political Instability and Power Struggles*

The restoration of democracy in 1990 raised the public's hope of regarding the transformation of state, politics, and societal factors, however, the failure of significant reforms left the public deeply disappointed.<sup>240</sup> None of the Maoists' 40-Point Demand particularly speaks about political instability. However, the whole insurgency happened due to a lack of political stability and a failure to implement effective reforms. As Joanna Pfaff-Czarnecka puts it, "in view of disappointing performance of the short-lived governments elected after 1991, it is not surprising that the movement has gained momentum."<sup>241</sup> In that case, the rebellious Maoist Party joining the political mainstream after a decade-long insurgency should have improved the situation as part of the insurgency was caused by a lack of political representation of the marginalized. The political instability and power struggle resulting in frequent government changes should have ended.

After the People's Movement in 1990, if we count the interim government, the government changed four times between 1990 to 1996. The interim government was formed on the leadership of the NC with KP Bhattarai as the prime minister, GP Koirala of the NC became the prime minister after the 1991 election, Manmohan Adhikari of the UML became prime minister after the 1994 mid-term election, and the government

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<sup>240</sup> Pfaff-Czarnecka, "High Expectations, Deep Disappointment: Politics, State, and Society in Nepal after 1990," 167.

<sup>241</sup> Ibid., 169.

changed again in 1995 when SB Deuba of the NC assumed the position.<sup>242</sup> SB Deuba was prime minister when the Maoist Party started the insurgency in 1996. So the period of 1990 to 1996 saw four governments, which puts the average age of the government to almost one and half years. During the insurgency, the government changed three times with three different prime ministers between 1996 and 1999.<sup>243</sup> The government again changed in 2000, and there were seven different governments between 2000 and 2006.<sup>244</sup> For the period of 2000 to 2006, the average age of the government came to more or less to a year. The lack of a stable government and the rush to get to power prohibited these governments from forming a concrete strategy to address the insurgency, or to implement reforms for that matter.

Unfortunately, the trend of political instability and frequent government change has continued in post-conflict Nepal. After the final cease-fire marking the end of insurgency in April 2006, GP Koirala became the prime minister and headed the government until 2008. After the CA election of 2008, the Maoist Party became the largest political bloc and the Maoist Party President Puspa Kamal Dahal, also known as *Prachanda*, headed the government and became the prime minister in August 2008.<sup>245</sup> The Maoist-led government endured for only nine months, and was replaced by the UML-led government in May 2009 with Madhav Nepal as the prime minister.<sup>246</sup> The government changed again in February 2011, still led by the UML, but Jhalnath Khanal became the new prime minister.<sup>247</sup>

Six months later, the Khanal-led government was replaced by Maoist-led government in August 2011, and Baburam Bhattarai became the prime minister.<sup>248</sup> The Maoist government continued until declaring the second CA election, when it was

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<sup>242</sup> Jha, *Battles of the New Republic*, xiii–iv.

<sup>243</sup> Ibid., xiv.

<sup>244</sup> “Nepal Profile-Timeline,” BBC News, accessed December 29, 2016, <http://www.bbc.com/news/world-south-asia-12499391>.

<sup>245</sup> Ibid.

<sup>246</sup> Jha, *Battles of the New Republic*, xvii–xix.

<sup>247</sup> Ibid.

<sup>248</sup> Ibid.



replaced by a care-taker government under Chief Justice Khila Raj Regmi in March 2013.<sup>249</sup> The second CA election reduced the Maoist Party to the third largest political bloc. Thus, the NC, as the largest political bloc, formed the government with Susil Koirala as the prime minister in February 2014.<sup>250</sup> The Koirala government continued until the promulgation of the new constitution in September 2015, and was replaced in October 2015 by the UML-led government with KP Oli as the prime minister.<sup>251</sup> The Oli government was again replaced by the Maoist government in August 2016, and *Prachanda* became prime minister for the second time.<sup>252</sup>

In all, in the post-conflict decade of 2006 to 2016, the government changed nine times. After the promulgation of the constitution in September 2015, the government has changed three times within the period of just over a year. Within the decade of political instability and frequent government changes, the NC has led the government two times, UML three times, the Maoists three times, and one time the government has been led by a political caretaker. The average age of each government comes to more or less a year, which is similar to the trend before and during the insurgency. Long-term policy is difficult to implement in such a setting.

***b. Issue of Federal Structure***

The issue of federal structure has two sides: first, is the ethno-linguistic side, and second is the political side. The issue of ethnicity and language in relation to federal structure has been examined in detail while analyzing the social factor. The political issue of federal structure is mainly related to the issue of power in relation to the number, names, and demarcation of provinces so that the leadership position of the top leaders of the main parties remains intact.

A decade has passed since the insurgency ended. Although the constitution has declared Nepal as a Federal Republic with seven provinces, the geographical demarcation

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<sup>249</sup> Jha, *Battles of the New Republic*, xvii–xix.

<sup>250</sup> “Nepal Profile-Timeline,” BBC News, accessed December 29, 2016, <http://www.bbc.com/news/world-south-asia-12499391>.

<sup>251</sup> Ibid.

<sup>252</sup> Ibid.

and the names of the provinces have not yet been finalized. The Maoist Party is presently heading the government for the third time since 2006. Within a year of the promulgation of the constitution in 2015, the Maoist-led government has proposed an amendment to the constitution regarding the number of provinces, which has started violent protests in the western and mid-western regions.<sup>253</sup> Since the government failed to implement federal structure, people feel that it has backtracked on its promises given the nine autonomous provinces the Maoist Party implemented during the insurgency.

The reason for not being able to decide on the number, names, and demarcation of the provinces is related to the issue of leadership of the main parties. As noted earlier, the Maoist, Madhesis, and the ethnic groups favored a larger number of identity-based provinces, whereas the NC and UML favored fewer multi-ethnic provinces. However, the Maoist Party gave up its stand on a large number of provinces and agreed to seven provinces with the NC, UML, and United Democratic Madhesi Front while promulgating the constitution in 2015. As Lawoti argues, the fewer and larger provinces would deny autonomy to multiple marginalized groups, while the upper-caste hill Hindus would form a dominant group at the center, and also a majority in most provinces.<sup>254</sup> He further argues that “the top leaders of NC, UML, and the Maoists, all of them male and high-caste Hindu by birth, plus the United Democratic Madhesi Front chose to circumvent the Assembly in order to ‘reach consensus’ on the issue which that body’s own committees had not yet settled.”<sup>255</sup>

The consensus on the fewer number of provinces confirms the idea that supporting statehood protects the interests of political elites, whereas supporting equality could threaten the very interests and privileges of the same elite.<sup>256</sup> That may be the reason why the Maoist Party not only proved unable to push through the major reforms regarding autonomous regions, but also gave up some earlier gains. The Maoist leaders

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<sup>253</sup> “Protests, Clashes in Province 5 Districts Over Demarcation,” *My Republica*, December 17, 2016), <http://www.myrepublica.com/news/11289>.

<sup>254</sup> Lawoti, “Reform and Resistance in Nepal,” 135–136.

<sup>255</sup> *Ibid.*, 136.

<sup>256</sup> Sitonen, “Human Security and State Rebuilding in Post-conflict Nepal: Peace at the Cost of Justice?” 62.

backtracked on land reform and federalism, and were engaged in corruption like collecting stipends for former insurgents still in the camps awaiting demobilization and integration.<sup>257</sup> The realization of the futility of ethnically based autonomous regions vis-à-vis the interests of Maoist leadership, a growing trend of greed and corruption, and the alliance with the former elites to maintain power seem to be the reasons for the Maoists backtracking from their earlier promises.

The retreat not only created a gap between words and their deeds, but it also caused a breakup in the Maoist Party. The Communist Party of Nepal - Maoist (CPN-M) led by Mohan Baidya broke away from the mother party, the United Communist Party of Nepal Maoist (UCPN Maoist), in June 2012, accusing *Prachanda* of “Right-wing revisionism.”<sup>258</sup> Above a dozen sister organization from the insurgency time, and about 3,500 former Maoist cadres joined the Baidya faction.<sup>259</sup> CPN-M has returned to the radical path. The party has vowed to complete “people’s revolution” based on previous “people’s war,” to achieve “new democratic revolution.”<sup>260</sup>

**c. *Border Management and International Treaties Made in Unequal Terms***

The issue of border management and international treaties has always been a point of contention in Nepalese politics. The Maoist Party also recognized the issue and included it in its 40-Points Demand to the government before starting the insurgency. Although termed international, most of the points are generally directed toward India. For instance, the first demand asks for an end to all discriminatory treaties, including the 1950 Nepal-India Treaty.<sup>261</sup> Number 2 demands the immediate cancellation of the Mahakali Treaty, and Number 3 demands the regulation and control of the open border

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<sup>257</sup> Lawoti, “Reform and Resistance in Nepal,” 141.

<sup>258</sup> Jha, *Battle of the New Republic*, xix.

<sup>259</sup> Dustin Lewis, “Is a New Maoist Revolution Brewing in Nepal?” *ZNET*, January 27, 2013, <https://zcomm.org/znetarticle/is-a-new-maoist-revolution-brewing-in-nepal-by-dustin-lewis/>.

<sup>260</sup> Ibid.

<sup>261</sup> Hutt, *Himalayan People’s War*, 285-287. (Refer to the appendix for the list of 40-Point Demand.)

between Nepal and India.<sup>262</sup> Demand Number 4 speaks about closure of Gorkha Recruitment Centers, and demand Number 8 asks to end the imperialist and colonial culture and immediately outlaw Indian films, videos, and magazines.<sup>263</sup>

Unlike other issues, these issues do not require comparison between the pre- and post-conflict periods to determine their present status. The simple continuity or existence of the previously mentioned issues is enough to prove that the issues have not been resolved. Among them, some demands like the banning of Indian films, videos, and magazines are just populist slogans and it is futile in today's globalized world. Most of the theaters in Nepal play Indian movies and generally all households with a TV watch Indian TV channels.

The issue of Gorkha recruitment has historical roots and has been going on since 1815.<sup>264</sup> The latest 2017 intake of the British Army states that they have selected 310 recruits from Nepal, among which 230 will go to the British Army and the remaining 80 will join the British contingent of Singapore Police.<sup>265</sup> Although figures are not available about Nepalese recruitment in the Indian Army, a 2008 statistic stated that there were 30,000 Nepalese soldiers in the Indian Army, while 120,000 ex-servicemen and 17,000 widows drew pensions from India.<sup>266</sup> The ongoing recruitment for both the British Army and the Indian Army shows that the situation has not changed in the post-conflict period, and was just a populist slogan for political mobilization at the beginning of the insurgency.

The demand to end the open border, to rectify the unequal terms of the 1950s bilateral treaty, and to repeal the Mahakali Treaty between India and Nepal have been another controversial and persistent issue of Nepalese politics. When *Prachanda* became prime minister in 2008, speaking in an interview about 1950s Indo-Nepal Treaty, he

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<sup>262</sup> Hutt, *Himalayan People's War*, 285-287.

<sup>263</sup> Ibid.

<sup>264</sup> Ministry of Defense, "British Gurkhas and the GCSPF Recruiting: Intake 2017," British Army, accessed January 3, 2017, <http://www.army.mod.uk/gurkhas/27898.aspx>.

<sup>265</sup> Ibid.

<sup>266</sup> Y. M. Bammi, "India Army's Gorkha Troops: Their Great Contribution and Their Future," *India Strategic*, May 2012, [http://www.indiastrategic.in/topstories1565\\_Indian\\_Army's\\_Gorkha\\_Troops.htm](http://www.indiastrategic.in/topstories1565_Indian_Army's_Gorkha_Troops.htm).

stated that “Nepal has become a republic passing through big changes since the Rana regime; the 1950 treaty should be clearly reviewed, and it cannot be kept in the present form.”<sup>267</sup> A 15-point joint statement issued after his visit to India stated that “both the countries recognized the need for mutual cooperation; a Joint Taskforce was set up to review the Friendship Treaty, although as yet no specific points have been raised.”<sup>268</sup> The rhetoric prior to the visit and the joint statement after the visit clearly show a mismatch between words and results. After *Prachanda*, Madhav Nepal from UML became the prime minister in 2009, and he, too, visited India in August 2009. A joint statement issued after the prime minister’s visit to India stated that “the Foreign Secretaries of the two countries will ‘discuss and review’ the 1950 treaty, and ‘other bilateral agreements’ with a view to further strengthening the bilateral relationship.”<sup>269</sup> It shows that no significant progress was made on the issue between 2008 and 2009.

Since 2008, Maoists have headed three national governments, and *Prachanda* has become prime minister for the second time. He visited India for the second time as the prime minister of Nepal in September 2016. Number 12 of the 25-points joint statement issued after his recent visit to India stated that:

The two PMs noted with satisfaction the ongoing defense and security cooperation, and the recently concluded Home Secretary level talks ... stressed the need to ensure that the open border, which has facilitated economic interaction ... has been a unique feature of India-Nepal bilateral ties, and is not allowed to be misused by unscrupulous elements posing security threats to either side.<sup>270</sup>

The preceding statement proves that the issue still persists, and no progress has been made almost after a decade following the end of the insurgency. It also illustrates

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<sup>267</sup> “Nepal: Prachanda – No Illusion on the Ultimate Goal of Socialist Communism,” *LINKS: International Journal of Socialist Renewal*, September 3, 2008, <http://links.org.au/node/617>.

<sup>268</sup> Oliver Housden, “A New Dawn in India-Nepal Relation? Prachanda’s Visit to India,” *Institute of Peace and Conflict Studies*, October 12, 2008, <http://www.ipcs.org/article/nepal/a-new-dawn-in-india-nepal-relations-prachandas-visit-to-2703.html>.

<sup>269</sup> “India Nepal Agree to Review 1950 Friendship Treaty,” *Daily News and Analysis*, August 22, 2009, <http://www.dnaindia.com/india/report-india-nepal-agree-to-review-1950-friendship-treaty-1284544>.

<sup>270</sup> Ministry of Foreign Affairs, “Joint Statement on the State visit of Prime Minister of Nepal, Rt. Honorable Mr. Pushpa Kamal Dahal ‘Prachanda’ to India,” Government of Nepal, September 16, 2016, <https://www.mofa.gov.np/jointstatement/>.

that political leaders, including the Maoists, are champions in making populist remarks to capture public attention, but fail to “walk the talk” when it comes to implementing them. Overall, the promises made to resolve border management and end unequal treaties have not been realized yet, and a huge gap exists between the promises and reality.

#### **D. CONCLUSION**

The socio-economic and political indicators examined here clearly demonstrate a gap between the words and deeds of the Maoist Party in post-conflict Nepal. The issue of backtracking from the promises, corruption and growing greed in party leaders, and identity-based federal structure have not only frustrated the population, but also caused a breakup in the Maoist Party.

A breakaway radical faction from the mother party is a serious issue for the stability of the country. The former cadres feel betrayed and are willing to join another revolt, while the radical leadership faction is willing to organize, lead, and mobilize yet another revolution. The political grievances that started the insurgency still persist. A large gap exists between aspirations and reality in post-conflict Nepal, which is likely to provide fodder for the breakaway groups and may lead to another armed revolt.

Although the socio-economic grievances are more visible, the main obstacles to implementing reforms are political. The implementation of reforms to meet people’s aspiration requires careful planning, decisions, and implementation of those decisions. The lack of a coalition culture and the continuation of political instability have prevented the decision makers from reaching a consensus to resolve persistent grievances. Absence of democratic consolidation and the radicalization of the society are potential factors to destabilize the country.

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## **IV. ANALYSIS, RECOMMENDATIONS, AND CONCLUSION**

When the Maoists started the insurgency in 1996, they gathered adherents by harnessing the social, economic, and political grievances of Nepalese society. A decade later when the insurgency ended in 2006, some 13,347 people had lost their lives.<sup>271</sup> Despite the losses, the hope for a peaceful and developed Nepal consoled the common citizens when the Maoist Party gave up armed struggle and joined the political mainstream. The population looked to the Maoist Party to end the socio-economic and political grievances and to implement the long awaited and promised reforms. Such optimism elevated the Maoist Party to the top in the first 2008 Constituent Assembly election.

The initial gains, like declaring Nepal a secular republic, ending the monarchy, and deciding to go for federal structure, boosted the aspiration of common people. However, the Maoists from 2008 to 2013 were not able to implement any significant reforms. Although the constitution declared Nepal a Federal Republic, the government has yet to reach consensus on the number, names, and geographical demarcation of the provinces that will make Nepal a federal country. Amid such disagreement, the actual practice of federal structure seems a distant possibility. More broadly, the grievances that prompted the insurgency persist. It is therefore essential to determine how a gap between aspiration and reality will affect the future stability of Nepal.

The chapter first analyzes how the post-conflict realities of unfulfilled promises impact the future stability of the country; then it makes some recommendations to ensure that stability.

### **A. ANALYSIS: LACK OF REFORM AND THE IMPACT ON STABILITY**

The lack of reform in post-conflict Nepal impacts stability in the social, economic, and political fields.

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<sup>271</sup> Tiwari, "An Assessment of the Causes of Conflict in Nepal," 241.



## 1. Social Issues

From a social standpoint, the largest threat to stability is the increased fragmentation of society along ethnic lines. The divide is visible and has become violent in the demand for identity-based autonomous provinces. As Richard Lappin suggests, “deep social division is a typical characteristic of post-conflict countries where the conflict may not start along ethnic lines, but may develop an ethnic overtone as the conflict exposes socio-economic cleavages and tensions.”<sup>272</sup> This description suggests strongly—and forebodingly—that Nepal’s future may be its past.

The Nepalese case confirms the observation where insurgency brought the issues of social discrimination and ethnic marginalization to the forefront. The Maoists promised to deliver on two major social aspirations of Nepalese society. First, they promised to end social discrimination based on religion, ethnicity, and traditional practices; and second, they vowed to rely on an identity-based federal structure for regional development.<sup>273</sup> In addition, Maoists formed and exercised nine autonomous regions during the insurgency.<sup>274</sup>

When the Maoist Party backtracked from an identity-based federal structure in the post-insurgency period, people felt betrayed. The idea of identity-based federalism pulled apart the Nepalese society, and once considered a close-knit society, but with suppressed grievances, started to fall apart. Recently, the country has experienced an increase in strikes, agitation and demonstrations promoting ethnic, racial, and cast-based agendas. By July 2008, a few militia groups emerged in eastern hills and southern plains or *Terai*. An alliance of nine indigenous groups known as the “Terai Indigenous Janjati Organization (TIJO)” claimed a region which they call “Morang Autonomous State.”<sup>275</sup> The “Federal Limbuwan State Council (FLSC),” of the ethnic *Limbus* has claimed part of the same

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<sup>272</sup> Lappin, “The Unique Challenges of Post-conflict Democracy Assistance,” 180.

<sup>273</sup> Demand Numbers 18 to 22 of the 40-Point Demand, see Hutt, *Himalayan People’s War*, 285-287. (Refer to the appendix for the complete text of 40-Point Demand).

<sup>274</sup> Upreti, *Maoists in Nepal: From Insurgency to Political Mainstream*, 64. (Refer to the appendix for the list of Maoist-declared autonomous regions.)

<sup>275</sup> “Analyst Warn of Rising Ethnic Tension,” IRIN News, accessed January 4, 2017, <http://www.irinnews.org/report/79818/nepal-analysts-warn-rising-ethnic-tensions>.

land as “Limbuwan State,” which also overlaps the land claimed by the ethnic *Dhimals* as “Kochila.”<sup>276</sup> Meanwhile, the “United Democratic Madhesi Front (UDMF)” wants to transform the whole of *Terai* region into a single autonomous province of *Madhesh*, and has been organizing a violent protest.<sup>277</sup> The land claimed by the *Madhesh* province includes the major portion of land claimed by all the three ethnic groups.

The 2015 constitution sets out seven provinces without naming them. But recently, the government has proposed to amend the constitution and create a second state in *Terai*.<sup>278</sup> Either way, the new state or states must include a portion of other provinces, which will upset other ethnic groups for losing their native land. As a matter of fact, the proposal to amend the constitution has already started violent protests in western and mid-western Nepal.<sup>279</sup> The tendency to please one group for political mileage or to stop from protesting can be a slippery slope that can start a series of similar protests by other groups. The trend can create serious instability in the future.

Contributing to the trend of ethnic division and separatism is the broader radicalization of society and the use of violence. The Maoist Party propagated radical leftist ideology during the armed struggle and indoctrinated people to bring change through the use of violence. In the post-insurgency period, the people extended that legacy to pressure the government to fulfill their demands. As Upreti points out, “forceful closures, strikes, damage to public and private property, and the expansion of armed groups are all due to the radicalization of the society.”<sup>280</sup> The trend is very serious because it erodes the confidence and trust of the people in conflict resolution through democratic and peaceful means.

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<sup>276</sup> “Analyst Warn of Rising Ethnic Tension,” IRIN News, accessed January 4, 2017, <http://www.irinnews.org/report/79818/nepal-analysts-warn-rising-ethnic-tensions>.

<sup>277</sup> “Nepal’s Terai: Constructing an Ethnic Conflict,” Universelt Fredsforbund, October 2, 2012, 2–17, <http://www.fredsforbundet.no/fredsinitativ/south-asia-peace-initiativ/2-sider/25-nepal-s-terai-constructing-an-ethnic-conflict.html>.

<sup>278</sup> “Nepal Proposes Constitution Amendment to Meet Ethnic Demands,” Fox News, November 29, 2016, <http://www.foxnews.com/world/2016/11/29/nepal-proposes-constitution-amendment-to-meet-ethnic-demands.html>.

<sup>279</sup> “Protests, Clashes in Province 5 Districts over Demarcation,” *Republica*, December 17, 2016, <http://www.myrepublica.com/news/11289>.

<sup>280</sup> Upreti, “Nepal from War to Peace,” 105.

The present violence in the *Terai* protest and the violent protests in the western and mid-western regions against the government proposal to amend constitution are examples of eroding trust. If not addressed properly, the demand for secession along ethnic lines may surface, and if that happens, it will re-open a Pandora's Box of threats to national unity. The country may lapse into another violent phase.

## **2. Economic Issues**

The post-insurgency period has not seen any serious economic reforms. The persistent economic grievances affect stability in two ways. First is poverty and unemployment that forces the youth to seek jobs in other countries. Second is the issue of access to resources for autonomous provinces.

Poverty and unemployment rates are still high in Nepal, and so is the disparity between rich and poor. Within this harsh reality, the only thing contributing to people's livelihood is the youth labor force leaving the country in search of employment in other countries. Remittances are increasingly becoming the life line for the economy. The remittances generated from the Nepalese working abroad accounted for 31.8 percent of the GDP by 2015— almost one third of the total GDP.<sup>281</sup> Data shows that the trend of migrant workers spiked in 2002 and has increased ever since. In the year 2013–2014 alone, the Ministry of Labor and Employment issued 521,187 work permits.<sup>282</sup> More than half a million members of the young labor force migrating to another country to find a job in only one year is a serious concern. Moreover, this number does not include Nepalese working in India, since one does not require a work permit to go to India. The World Bank estimates about 1.7 million Nepalese were working in India in 2010.<sup>283</sup>

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<sup>281</sup> "Data Bank: World Development Indicators," World Bank, accessed December 25, 2016, <http://databank.worldbank.org/data/reports.aspx?source=world-development-indicators>.

<sup>282</sup> Ministry of Labor and Employment, "Labor Migration for Employment: A Status Report for Nepal 2013/14," 19.

<sup>283</sup> United Nations Nepal Information Platform, "Migrant Workers and Their Family," United Nations, accessed January 5, 2017, [http://www.un.org.np/oneun/undaf/migrant\\_workers](http://www.un.org.np/oneun/undaf/migrant_workers).

Records show that one third of all Nepali households and 35percent of the rural households have at least one member working and living abroad.<sup>284</sup>

The migration of youth labor has three serious implications in the long run. First, it deprives the country of the young labor essential for overall development and prosperity. Second, the drain of youth labor leaves the country with an aging population. The elderly, women, and children are left behind in a socially and economically insecure environment.<sup>285</sup> The fact that the less employable and possibly endangered population left behind shifts a burden of caregiving and welfare to the state and society. Political instability prevents the state from taking care of the left behinds, while the ethnic division hinders the response from the society. Disrupted family relationships, political and social failures increases probability of systemic frustration, radicalization, and violence within Nepalese society.

Third, the most significant implication for stability will be realized if the migrant force starts returning home in bulk from their present working destinations. Most Nepali workers going overseas are “illiterate and unskilled.”<sup>286</sup> As a United Nations report highlights, about half of returned migrants reported that “once in the host country, they did not have contract letters of employment ... [while] 22 percent reported they did not have official work permits, ... [and] around 37 percent reported they did not receive the promised salary.”<sup>287</sup> It shows that they do not have guaranteed jobs, are vulnerable to exploitation, and can be fired from their work at any time. Major working destinations for Nepalese workers are Saudi Arabia, South Korea, United Arab Emirates, Qatar, Kuwait, Malaysia, Oman, Afghanistan, and Japan.<sup>288</sup> The construction of 2022 World Cup Stadium in Qatar is a perfect example of the condition that Nepalese workers are facing in most of these places. In 2013, *The Guardian* reported that “dozens of Nepalese migrant

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<sup>284</sup> United Nations Nepal Information Platform, “Migrant Workers and Their Family,” United Nations, accessed January 5, 2017, [http://www.un.org.np/oneun/undaf/migrant\\_workers](http://www.un.org.np/oneun/undaf/migrant_workers).

<sup>285</sup> Ibid.

<sup>286</sup> Ibid.

<sup>287</sup> Ibid.

<sup>288</sup> Kamal Dev Bhattarai, “The Plight of Nepal’s Migrant Workers,” *Diplomat*, August 11, 2014, <http://thediplomat.com/2014/08/the-plight-of-nepals-migrant-workers/>.

laborers have died in Qatar in recent weeks and thousands more are enduring appalling labor abuses.”<sup>289</sup> The report states that “the investigation found evidence to suggest that thousands of Nepalese ... face exploitation and abuses that amount to modern day slavery, as defined by the International Labor Organization.”<sup>290</sup>

Given the low oil prices and economic slowdown in the Middle East, the future of migrant labor in the region looks bleak. If Nepalese workers start losing their jobs and return home in bulk, the ailing national economy kept afloat by the remittance will collapse, and their return will further increase the unemployment, poverty, and inflation rates. The weak security situation due to ethnic conflict will be engulfed in violence caused by increased competition for dwindling resources and opportunities. These ensuing violent conflicts will be beyond the capacity of the national security apparatus, and the possibility of the country heading toward a failed state will be relatively high.

Equal access to resources in the future is the second economic issue related to the stability of the country. Since the present ethnic issues related to federal structure are causing security issues and have not been able to be resolved through consensus, potential future issues have not gained much attention. But, if this issue is not taken into consideration during planning while determining the federal structure, it is bound to raise conflict right after the demarcation of provinces. For example, we can consider the demand of one or two provinces in *Terai* as *Madhesh* Province of the United Democratic Madhesi Front. In this event, the province will have all the major customs access to India.

The former prime minister of Nepal Baburam Bhattarai from the Maoist Party in his article acknowledged that “Nepal is India-locked, and two thirds of Nepal’s annual socio-economic interaction takes place with India.”<sup>291</sup> In this case, the province will greatly benefit from the revenue generated from Indo-Nepal bilateral trade. The other provinces will have very limited or no access to or trade with India. This imbalance may

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<sup>289</sup> Pete Pattison, “Revealed: Qatar’s World Cup ‘Slaves’,” *The Guardian*, (September 25, 2013), <https://www.theguardian.com/world/2013/sep/25/revealed-qatars-world-cup-slaves>.

<sup>290</sup> Ibid.

<sup>291</sup> Baburam Bhattarai, “A Vision for Nepal-India Relation,” *Hindu*, October 19, 2011, <http://www.thehindu.com/opinion/lead/a-vision-for-nepalindia-relations/article2552455.ece>.

become a point of contention. On the other side, the *Madhesh* province will not have access to the northern borders with China. Therefore, the *Madhesh* province will lose the benefits of Sino-Nepalese bilateral trade, and also the benefits from hydro-power, since all the potential sites for generating hydro-power are upstream in the mountains. This issue has a potential to start conflicts and is likely to threaten the stability of the country, unless some resource sharing deal is made.

### **3. Political Issues**

From a political standpoint, the post-conflict situation also has two major impacts on the future stability of Nepal. First is the lack of a coalition culture, which is causing political instability and obstructing a consensus decision on major issues. This issue is the major obstacle to starting significant and long awaited reforms, and is responsible for persistent grievances. The second issue is the breakaway faction of a radical group from the Maoist Party, which claims that it seeks to complete the revolution left undone by the previous people's war.

The lack of coalition culture is a major reason for unstable government, resulting in frequent government change. Since 2008, the average age of a government is about a year. Major reforms to meet the people's aspiration requires careful planning and gradual implementation, which cannot happen if the leading political parties cannot stabilize their regime and agree on major issues. All the socio-economic and political grievances that led to the insurgency still persist because the lack of coalition culture has prevented the government from implementing reforms. As Upreti explains, the "lack of coalition culture contributes to widespread insecurity posing transitional security challenges."<sup>292</sup> He argues that "criminalization of politics, and the politicization of crime are growing in Nepal, and criminals are politically protected and used for political or party benefit."<sup>293</sup> The tactics of having political leverage through violence and coercion have caused the militarization of youth, which has been evident during the increase in violent protests for federal structure along ethnic lines. The overall inclination of Nepalese society toward

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<sup>292</sup> Upreti, "Nepal from War to Peace," 104-105

<sup>293</sup> Ibid.

violence may erode their belief in a peaceful and democratic process of conflict resolution. Due to these realities of persistent grievances and an inclination toward violence, the future stability of Nepal looks bleak.

At the same time, a radical element of the Maoist Party, the CPN-Maoists led by Mohan Baidya, has broken away from the main UCPN (Maoist), along with a significant number of leaders, cadres, and about 3,500 ex-Maoist combatants.<sup>294</sup> Documents released by the splinter party have talked about “a secret planning for a revolt, and Baidya has publicly warned that his party will take up arms if the rights of the people are not ensured by the present government.”<sup>295</sup> The group’s capability to launch another revolt in the near future is a debatable issue. However, the past experiences of their leaders in terms of armed struggle, organizational capability, and radical ideology should not be ignored. In addition, the proliferation of small arms and light weapons is making the situation worse. Upreti argues that the “proliferation of SALW [small arms and light weapons] is not only because of the insurgency, but also due to chronic unemployment, rampant poverty, and open border to India, which have increased organized crime and human trafficking in Nepal.”<sup>296</sup> Given the persistent grievances related to the lack of significant reforms, the ethnic cleavages in the post-conflict period, availability of small arms and light weapons, and the increased reliance upon violence by the society as a whole are conducive for another violent mobilization. The only question is when (in a few years or a few decades) and what form (armed or unarmed) it will take.

## **B. RECOMMENDATIONS FOR FUTURE STABILITY**

The lack of significant reform to address the persistent socio-economic and political grievances that led to the decade-long Maoist insurgency in Nepal have overshadowed some significant gains, which include ending the monarchy and declaring Nepal a secular republic. Nevertheless, the post-conflict period has failed to achieve political stability. Frequent government change has become a common phenomenon.

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<sup>294</sup> Dustin Lewis, “Is a Maoist Revolution Brewing in Nepal?,” ZNET, January 27, 2013 <https://zcomm.org/znetarticle/is-a-new-maoist-revolution-brewing-in-nepal-by-dustin-lewis/>.

<sup>295</sup> Ibid.

<sup>296</sup> Upreti, “Nepal from War to Peace,” 105.

Although this is not a surprise as states take time to stabilize after revolution, it is certainly a vulnerability. Against this background, the following few recommendations focus on democratic consolidation and the future stability of Nepal.

### **1. Ending Political Instability and Developing a Coalition Culture among Politicians**

The frequent changes in government limits the possibility of mid- and long-term planning required to address socio-economic grievances and start reforms promised at the beginning of the insurgency. To start reforms, the government must make decisions and ensure their proper implementation; otherwise, the decision that lacks implementation will be of no value. The government will be able to do that only when it can properly plan, implement, and oversee the implementation of those decisions. Unless political stability is achieved, the Nepalese government will never achieve these key proficiencies.

Reforms can take place only when the political parties are able to develop a coalition culture by trusting each other and exercising a democratic process of resolving differences through dialogue. Conflict resolution through dialogue will help to develop a coalition culture. Once the coalition culture is developed, it will help to break the political impasses and reach a mutually agreeable solution.<sup>297</sup> Similarly, achieving political stability and developing a coalition culture is likely to serve as the key to solving the more complex issues of identity, federalism, and instability in Nepal. A coalition culture will provide the political stability needed to plan, implement, and oversee the reforms in a practical manner, thereby gradually addressing the persistent socio-economic grievances in an acceptable timeframe.

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<sup>297</sup> Although a different topic, the NPS thesis by Muhammad Ali serves here as a good parallel about confidence building measures and conflict resolution. In his thesis, Ali argues that the successfully resolved Indo-Pak maritime issues can be analyzed and taken as the confidence building measures to “help overcome the trust deficit between the two countries and quite possibly lead to the resolution of more complex issues like Kashmir, the line of control (LOC), and the Siachen Glacier.” Muhammad Ali, “Maritime Issues between Pakistan and India: Seeking Cooperation and Regional Stability,” (Master’s thesis: Naval Postgraduate School, 2012), 10, <http://calhoun.nps.edu/handle/10945/27783>. The coalition culture also encourages smaller or interim agreements on those points of a larger issue on which the parties can agree.



## **2. Pragmatic Solution for Federal Structure**

The other issue threatening Nepalese stability is the federal structure. If the country can implement a federal structure, it will help the state government to develop its provinces and increase the participation of all classes and castes in local to regional and central governance, which will also resolve the issue of representation.

As Upreti observes, “the main obstacle to implement the federal structure is the tendency of Nepalese politicians to make sweeping and controversial promises and often commit to things they cannot deliver.”<sup>298</sup> This habit of making tall promises holds well not only for the Maoist Party, but for all major political parties and their leaders. The present struggle for provinces formed along ethnic lines is the result of making controversial promises to secure votes for the next election. This tendency has raised the expectation of the ethnic minority, but the single identity-based federal structure seems less pragmatic in a multi-ethnic, multi-linguistic, and mixed Nepalese society.

If the struggle along ethnic lines is not addressed in a timely manner, it is likely to escalate into an ethnic conflict, and ultimately, a secessionist demand cannot be ruled out completely. In that case, it will not only pose a threat to stability, but also toward national unity and territorial integrity. Therefore, instead of perpetuating past mistakes, the parties should reach a pragmatic solution on the issue of federal structure.

Instead of single identity-based ethnic provinces, a compromise can be made on a province with multi-identities encompassing multi-ethnic groups. A balance can be reached in terms of geographic demarcation and resources sharing vis-à-vis ethnic distribution and the name of the provinces. The politicians should be able to convince the people on making small compromises for the larger national interest for development and consolidation of democracy. The sooner the issue of federal provinces is solved, the faster it will be to implement reforms and address grievances.

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<sup>298</sup> Upreti, “Nepal from War to Peace,” 103.

### **3. Implementing Reforms**

The final step for achieving the stability of Nepal is to implement reforms to end the persistent grievances. The constitution has legally ended the socially discriminatory provisions, but the deep-rooted practices in society will not instantly vanish just because the laws say so. Therefore proper implementation and oversight are required to sensitize the population about law, and it is also necessary to exercise punitive measures against violators. Although it takes time to fully eradicate unfair practices, the beginning of implementation will increase the people's confidence in the government's intent and create a positive environment by decreasing mistrust and frustration.

Similarly, reforms should focus equally on economic development and decreasing poverty. Land reforms, employment generation, and industrialization are some basic requirements for economic reforms. The national economy has to be strengthened because the remittance that is keeping the national economy afloat is not a permanent solution. If the economy is strengthened and employment is generated, the youth will not have to leave the country to seek jobs in other countries.

Improved socio-economic conditions will eliminate the grievances. In the absence of grievances, the radical ultra-leftist faction of the breakaway Maoist Party will also lose grounds for political mobilization. The revolt they are emphasizing is less likely to happen if people do not hold any socio-economic grievances. Overall, the country will head toward a stable future.

### **C. CONCLUSION**

Democracy has followed a fairly violent course in Nepalese case. Violence seems logical given the people's desire to break free from poverty and socio-economic discrimination in absence of democratic practice. However, it is illogical to continue violence after attaining a democratic environment where people can voice their concerns, and resolve conflict through peaceful means. Reforms are essential, but cannot happen overnight. Reforms demand long term vision and careful planning.

The time has come where Nepalese need to ask some hard questions to themselves, and the politicians. Is this the democracy they wanted and struggled for?

They also need to consider what they want for the future generation? Do they want to handover a legacy of insurgency and revolution, or a peaceful and prosperous Nepal for their children?

Presently, Nepal is at the crossroad where the choices that each Nepalese make as a group is going to determine their future. Choice of becoming a radical society is easy, but destructive. Radical society identifies itself as a group, not citizens. The radicals will hold on to the grievances and will continue to blame other groups for discriminating them. In this case, the ethnic agenda will take over, and will place groups' interest over national interest. The radicals are not likely to give away their claims, and are willing to continue struggle along ethnic lines. Unfortunately, the country is more likely to relapse into the vicious circle of violence and counter violence if people make radical choices.

On the other hand, choice of becoming a democratic society is hard, but constructive. Democratic societies identify themselves as citizens, not groups. They will admit the past mistakes, and will find a workable way to address grievances. In this case, the national agenda will take over, and will place national interest over groups' interest. The democrats are likely to listen and resolve conflict by addressing grievances through pragmatic means. Democracy is more likely to consolidate. The country is likely to witness a slow, but gradual and sustainable reforms securing a peaceful and prosperous future.

Considering the present events, Nepal seems to be inclined towards radical option. This is a destructive path, and will be very unfortunate if the country continues along this path. Irony of Nepalese democracy is that, democracy will solve all the problems instantly. They want reforms to happen overnight. They believe more on attractive but un-achievable promises rather than simple and achievable goals, and still believe democracy can make it happen. Partisan politics is making things worse. Instead of correcting the past mistakes and implementing achievable reforms, politicians are more focused on mobilizing interest groups to attain power. Democracy seems to have become victim of radicalization where violence has taken over to dictate own term, and suppress dissent. Radicalization and over reliance on violence have seriously undermined the democracy that the Nepalese have struggled so hard for so long. The series of violent

protest for federalism along ethnic lines without considering the pragmatic and achievable options, proves the radicalization of Nepalese society.

However, it is never late to apply course correction, and switch to democratic path. It is difficult and time consuming, but doable. Many countries have done it in past, so can Nepal. Nepalese people need to take this option if they want the future generations to develop and prosper.

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## **APPENDIX. THE MAOIST PARTY'S 40-POINT DEMAND (FEBRUARY 1996)**

The complete text of the Maoists' 40-Point Demand, from Michel Hutt's edited book, *Himalayan People's War: Nepal's Maoist Rebellion*.<sup>299</sup>

### **Concerning Nationality**

1. All discriminatory treaties, including the 1950 Nepal-India Treaty, should be abrogated.
2. The so-called Integrated Mahakali Treaty concluded on 29 January 1996 should be repealed immediately, as it is designed to conceal the disastrous Tanakpur Treaty and allows Indian imperialist monopoly over Nepal's water resources.
3. The open border between Nepal and India should be regulated, controlled, and systematized. All vehicles with Indian license plates should be banned from Nepal.
4. The Gurkha/Gorkha Recruitment Centers should be closed. Nepali citizens should be provided dignified employment in the country.
5. Nepali workers should be given priority in different sectors. A "work permit" system should be strictly implemented if foreign workers are required in the country.
6. The domination of foreign capital in Nepali industries, business, and finance should be stopped.
7. An appropriate customs policy should be devised and implemented so that economic development helps the nation become self-reliant.
8. The invasion of imperialist and colonial culture should be banned. Vulgar Hindi films, videos, and magazines should be immediately outlawed.
9. The invasion of colonial and imperial elements in the name of NGOs and INGOs should be stopped.

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<sup>299</sup> Michael Hutt, *Himalayan People's War: Nepal's Maoist Rebellion* (Bloomington, IN: Indiana University Press, 2004), 285–287.

### **Concerning People's Democracy**

10. A new constitution should be drafted by representatives elected for the establishment of a people's democratic system.
11. All special privileges of the king and the royal family should be abolished.
12. The army, the police, and the bureaucracy should be completely under people's control.
13. All repressive acts, including the Security Act, should be repealed.
14. Everyone arrested extra-judicially for political reasons or revenge in Rukum, Rolpa, Jajarkot, Gorkha, Kavre, Sindhupalchowk, Sindhuli, Dhanusa, Ramechhap, and so on, should be immediately released. All false cases should be immediately withdrawn.
15. The operation of armed police, repression, and State-sponsored terror should be immediately stopped.
16. The whereabouts of citizens who disappeared in police custody at different times, namely Dilip Chaudhary, Bhuwan Thapa Magar, Prabhakar Subedi, and others, should be investigated and those responsible brought to justice. The families of victims should be duly compensated.
17. All those killed during the People's Movement should be declared martyrs. The families of the martyrs and those injured and deformed should be duly compensated, and the murderers brought to justice.
18. Nepal should be declared a secular nation.
19. Patriarchal exploitation and discrimination against women should be stopped. Daughters should be allowed access to paternal property.
20. All racial exploitation and suppression should be stopped. Where ethnic communities are in the majority, they should be allowed to form their own autonomous governments.
21. Discrimination against downtrodden and backward people should be stopped. The system of untouchability should be eliminated.
22. All languages and dialects should be given equal opportunities to prosper. The right to education in the mother tongue up to higher levels should be guaranteed.

23. The right to expression and freedom of press and publication should be guaranteed. The government mass media should be completely autonomous.
24. Academic and professional freedom of scholars, writers, artists, and cultural workers should be guaranteed.
25. Regional discrimination between the hills and the Terai should be eliminated. Backward areas should be given regional autonomy. Rural and urban areas should be treated at par.
26. Local bodies should be empowered and appropriately equipped.

### **Concerning Livelihood**

27. Land should belong to “tenants.” Land under the control of the feudal system should be confiscated and distributed to the landless and the homeless.
28. The property of middlemen and comprador capitalists should be confiscated and nationalized. Capital lying unproductive should be invested to promote industrialization.
29. Employment should be guaranteed for all. Until such time as employment can be arranged, an unemployment allowance should be provided.
30. A minimum wage for workers in industries, agriculture, and so on should be fixed and strictly implemented.
31. The homeless should be rehabilitated. No one should be relocated until alternative infrastructure is guaranteed.
32. Poor farmers should be exempt from loan repayments. Loans taken by small farmers from the Agricultural Development Bank should be written off. Appropriate provisions should be made to provide loans for small farmers.
33. Fertilizer and seed should be easily available and at a cheap rate. Farmers should be provided with appropriate prices and markets for their produce.
34. People in flood- and drought-affected areas should be provided with appropriate relief materials.



35. Free and scientific health services and education should be available to all. The commercialization of education should be stopped.
36. Inflation should be checked. Wages should be increased proportionate to inflation. Essential goods should be easily and cheaply available to everyone.
37. Drinking water, roads, and electricity should be provided to all villagers.
38. Domestic and cottage industries should be protected and promoted.
39. Corruption, smuggling, black marketing, bribery, and the practices of middlemen and so on should be eliminated.
40. Orphans, the disabled, the elderly and children should be duly honored and protected.

Table 2. List of Caste/Ethnic-Based Frontier Organizations Formed by the Maoists in 2001<sup>300</sup>

| S. No. | Organization                       | Leader                      |
|--------|------------------------------------|-----------------------------|
| 1.     | Magarant National Liberation Front | Suresh Ale Magar            |
| 2.     | Tamang National Liberation Front   | Ganga Bahadur Tamang        |
| 3.     | Tamuwan National Liberation Front  | Mohan Tamu                  |
| 4.     | Limbuwan National Liberation Front | Bhakta Raj Kandangwa        |
| 5.     | Nepal Dalit Liberation Front       | Thaman Pariyar              |
| 6.     | Tharuwan National Liberation Front | Ram Charan Chaudhary        |
| 7.     | Madhesi National Liberation Front  | Jai Krishna Goit            |
| 8.     | Karnali National Liberation Front  | Khadka Bahadur Bishwa Karma |
| 9.     | Thami Liberation Front             | Chun Bahadur Thami          |
| 10.    | Majhi National Liberation Front    | Tul Bahadur Majhi           |
| 11.    | Newa Khala                         | Dilip Maharjan              |

<sup>300</sup> Source: B.C. Upreti, *Maoists in Nepal: From Insurgency to Political Mainstream* (Delhi, India: Kalpaz Publication, 2008), 63–64.

Table 3. Nine Autonomous Regions Declared by the Maoists in 2004<sup>301</sup>

|    | <b>Name of Autonomous Region</b> | <b>Geographical Area</b>   | <b>Leader</b>              |
|----|----------------------------------|--|----------------------------|
| 1. | Kirat Autonomous Region          | Hill area of Mechi, Koshi and Sagarmatha Zones                               | Gopal Khumbu               |
| 2. | Tamsaling Autonomous Region      | Hill area of Bagmati (except Kathmandu), Narayani and Janakpur Zones         | Hit Bahadur Tamang         |
| 3. | Newar Autonomous Region          | Kathmandu Valley   | -                          |
| 4. | Tamuwan Autonomous Region        | Hill area between Kali Gandaki to Budi Gandaki                               | Dev Gurung                 |
| 5. | Magarat Autonomous Region        | Hill areas from West of Kali Gandaki to Dhaulagiri, Rapti, and Lumbini Zones | Santosh Magar              |
| 6. | Tharuwan Autonomous Region       | Western Tarai areas from Rapti to Mahakali Zones                             | Ram Charan Choudhary       |
| 7. | Madheshi Autonomous Region       | Tarai of Awadhi, Bhojpuri, and Maithili speaking areas                       | Matrika Yadav              |
| 8. | Bheri-Karnali Autonomous Region  | Hill areas of Bheri-Karnali Zones  | Khadga Bahadur Bishwakarma |
| 9. | Seti-Mahakali Autonomous Region  | Hill areas of Seti and Mahakali Zones  | Lekh Raj Bhatt             |

<sup>301</sup> Source: B. C. Upreti, *Maoists in Nepal: From Insurgency to Political Mainstream* (Delhi, India: Kalpaz Publication, 2008), 64.

Table 4. List of Maoist Student and Professional Organizations<sup>302</sup>

| S. No. | Organization   |
|--------|--|
| 1.     | All Nepal National Free Students Union (Revolutionary) |
| 2.     | Nepal Trade Union Federation (Revolutionary)           |
| 3.     | All Nepal Women's Association (Revolutionary)          |
| 4.     | All Nepal Janjati Federation                           |
| 5.     | All Nepal Teachers 'Organization (Revolutionary)       |
| 6.     | Nepal National Intellectuals' Organization             |
| 7.     | All Nepal People's Cultural Union                      |
| 8.     | All Nepal People's Peasants Association                |
| 9.     | Nepal Trade Union Federation                           |
| 10.    | All Nepal Transport Workers' Union                     |
| 11.    | All Nepal Construction Workers' Union                  |
| 12.    | All Nepal Hotel and Restaurant Workers' Union          |
| 13.    | All Nepal Carpet Workers' Union                        |
| 14.    | All Nepal Meter Tempo Workers' Union                   |
| 15.    | All Nepal Press Workers' Union                         |
| 16.    | Himalayan Tracking Art Workers' Union                  |
| 17.    | Nepal Shop Workers' Union                              |
| 18.    | All Nepal Painters' Union                              |
| 19.    | Nepal Progressive Newspaper Vendors' Union             |

<sup>302</sup> Source: B. C. Upreti, *Maoists in Nepal: From Insurgency to Political Mainstream* (Delhi, India: Kalpaz Publication, 2008), 64–65.

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